

Logistics Management Institute

DoD Mail-Order Pharmacy Evaluation

HA401MR1

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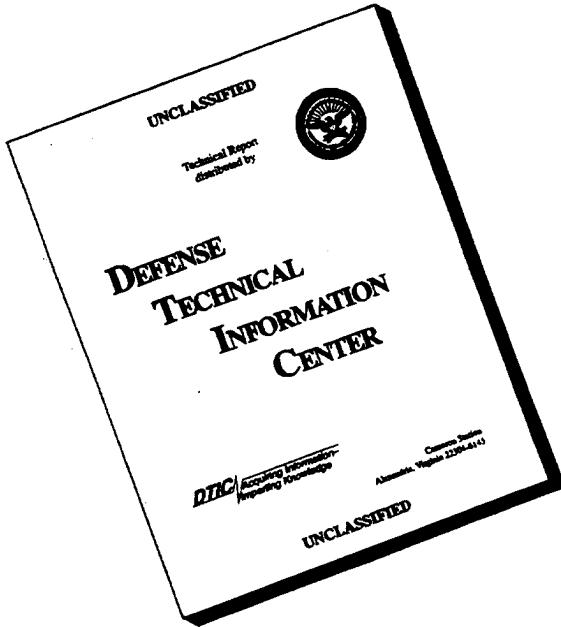
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DoD Mail-Order Pharmacy Evaluation

Executive Summary

In FY92, the Department of Defense (DoD) spent \$914 million on pharmaceuticals. A year later it spent \$949 million. Concerned with DoD's pharmaceutical costs, Congress directed the department, in the DoD Appropriations Act of 1993, to establish demonstration programs in at least two areas to evaluate the use of mail-order pharmacies as one means of controlling costs. Increasingly common in the private sector, mail-order pharmacies employ a central facility to fill prescriptions and then mail them to beneficiaries for maintenance-level drugs such as high blood pressure medicines. They typically process large numbers of prescriptions and are able to achieve economies of scale that can reduce an employer's pharmaceutical costs. Since 1991, the use of mail-order pharmacies by the private sector has more than doubled — from 12 percent to 29 percent.

We evaluated DoD's two mail-order demonstration programs and project that the department will reduce its costs of providing pharmaceuticals by approximately \$7.2 million a year, if it expands those programs nationwide. Beneficiaries under each program include those who are eligible for Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) benefits, as well as Medicare-eligible beneficiaries who live in areas in which base realignment and closure (BRAC) actions have affected the availability of healthcare.

Prior to mail service, DoD beneficiaries obtained their pharmaceuticals from one of three sources:

- ◆ CHAMPUS, which is more expensive than mail service primarily because it does not use federally priced pharmaceuticals.
- ◆ Military pharmacies, which are also more expensive primarily because they do not charge a copay that would reduce their costs.
- ◆ Privately funded sources of drugs such as private health insurance.

Because it did not know the magnitude of the privately funded sources, termed the "ghost" population, DoD was particularly concerned about the potential cost of providing it with mail service. We were able to estimate the effect of the ghost population by asking current mail-service users where they had gotten their drugs prior to using the program. We found that 60 percent of mail-service users who were 65 years and older and 30 percent of those less than 65 years old were previously ghosts. We also found, however, that the cost of serving them under current eligibility rules was less than the savings DoD

would realize when users of CHAMPUS and military pharmacies switched to mail service.

The \$7.2 million projected annual savings from nationwide expansion of the mail-service program depends on retaining the following key features from the demonstration programs:

- ◆ *Copayments.* The demonstration programs charged active duty dependents a \$4 copayment and retirees and their dependents an \$8 copayment for each prescription filled. Those copayments reduced the DoD cost per prescription to the extent that eliminating them would wipe out DoD's \$7.2 million savings and produce instead an *increase* in program costs of \$5.7 million per year. Moreover, elimination of copayments would likely increase the number of beneficiaries using the program and thus further increase costs.
- ◆ *Federal pricing.* As part of the demonstration effort, one provider was required to dispense drugs that it had purchased at federal prices wherever possible. A nationwide mail-service program that does not use federal pricing will cost \$14.5 million more than the current DoD pharmacy program. We emphasize this finding because none of DoD's current TRICARE-managed care contracts include the use of federally priced drugs for their mail-service components.
- ◆ *Limited use by Medicare-eligible beneficiaries.* We examined the cost of offering mail-service pharmaceuticals to all Medicare-eligible beneficiaries and found that as a minimum it would produce a mail-service program that costs \$23 million more than the current program. In fact, we believe the actual amount may be considerably higher since our data on use of mail service in BRAC areas by Medicare eligibles were far less than we needed to make an accurate projection.

Based on our evaluation of the two DoD demonstration programs, we recommend that DoD implement mail-service nationwide, but that it retain copayments, ensure federal pricing of dispensed drugs, and limit Medicare access to only those affected by BRAC.

We also recommend that DoD consider adopting other private-sector initiatives for managing its pharmacy benefit. We identified those initiatives as we compared DoD's implementation of mail service to similar efforts of large employers and health maintenance organizations in the private sector. They include the following:

- ◆ Restricting drugs available through any channel of distribution [mail, retail, military treatment facility (MTFs)] to those that the department has determined are most cost-effective for reducing the total cost of patient care.
- ◆ Contracting with one mail-service provider for nationwide service, instead of requiring each TRICARE contractor to provide mail service in its area, as

a way of getting federal pricing, reducing dispensing fees, and controlling what is dispensed.

- ◆ Requiring copayments when dispensing pharmaceuticals through *any* channel as a way of involving patients in the cost control of their pharmacy benefit and of better using available resources at MTFs to provide patient care.
- ◆ Using point-of-care software to accurately and responsively ensure that dispensed pharmaceuticals are on the formulary, copayments are collected, and only those who are eligible receive the benefit.

In summary, we are convinced that a properly managed mail-order pharmacy program will help DoD manage the cost of its pharmaceutical benefit. Other private-sector pharmacy initiatives will also help to control the cost of the pharmacy program, and DoD should consider adopting them.

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CHAPTER 1

DoD's Mail-Service Demonstration Projects

In 1993, Congress directed the Department of Defense (DoD) to competitively establish a mail-order pharmaceutical benefit in Hawaii and at least two additional regions. Concerned with the increase in DoD's pharmaceutical expenditures, Congress believed that its initiative would test the ability of mail-order pharmacy to reduce drug costs. Subsequently, DoD contracted with Aetna Health Plans of California to provide mail service to Hawaii and California as part of a managed-care contract that also included a network of retail pharmacies. The department also contracted with Health Care Services, Inc. (HCS) of Albuquerque, N.M., to provide only mail service to Florida, Georgia, and South Carolina in the southeast and Pennsylvania, New Jersey, and Delaware in the east.

This chapter describes the DoD's demonstration programs as a context for understanding our evaluation of them in Chapter 2 and our recommendations in Chapter 3.

PURPOSE OF THE PROGRAM

DoD designed the Aetna and HCS programs to test whether mail-service pharmacy could reduce DoD's drug costs. Both programs have the same eligibility criteria, drug selection, and beneficiary cost. Each program provides a convenient method for obtaining maintenance medications to treat chronic conditions such as high blood pressure or asthma. For acute conditions such as infection or pain, patients are still expected to obtain their pharmaceuticals from a local pharmacy or a military treatment facility (MTF).

ELIGIBILITY

Both programs serve Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)-eligible beneficiaries who reside in the demonstration areas as well as a select group of Medicare-eligible beneficiaries. The CHAMPUS beneficiaries include dependents of active duty members, retirees, and retiree dependents. The Medicare beneficiaries include individuals identified as CHAMPUS-eligible in the Defense Enrollment Eligibility Reporting System (DEERS) who are 65 years or older and who live in specific zip codes in which their access to military healthcare has been adversely affected by base

realignment and closure (BRAC) activity. As members from each group request mail service, DEERS electronically provides contractors with eligibility data.

For Medicare-eligible beneficiaries to use the program, the Secretary of Defense must certify that healthcare in the zip code in which they live is adversely affected by BRAC activity. Initially, affected zip codes included those in Florida near the Naval Hospital Orlando and Homestead Air Force Base (AFB), those in South Carolina near Myrtle Beach AFB, and those in Pennsylvania near Naval Hospital Philadelphia. As BRAC activity occurred during the demonstration programs, DoD added other zip codes to the list of those served. On 1 October 1995, both programs also began serving other Medicare-eligible beneficiaries regardless of residence if they could demonstrate that they relied on a particular health facility during the year prior to its closure.

DRUG SELECTION

The demonstration programs allow beneficiaries to obtain a broad selection of pharmaceuticals through the mail. If CHAMPUS covers a particular item (CHAMPUS covers virtually all drugs except over-the-counter medications), the mail-service programs provide it. The one exception is prescriptions of brand-name drugs that have a generic equivalent. In such cases, contractors are required to dispense the generic equivalent unless a doctor specifically requires that the brand-name item be dispensed as written for clinical reasons.

The mail-order demonstration programs also share other elements. Both accept prescriptions from civilian and military providers with few exceptions. Each provides a 30-day supply of controlled substances and a 60-day supply of noncontrolled substances. Patients can refill each prescription five times. Because military doctors typically do not have Drug Enforcement Agency (DEA) numbers, the programs specifically prohibit contractors from filling prescriptions for controlled substances written by military doctors. They also prohibit them from filling prescriptions written on prescription blanks from Uniformed Services Treatment Facilities, Primary Medical Care for the Uniformed Services, and Navcare clinics.

By comparing DoD's implementation of mail service to similar effects in the private sector, we found each had many practices in common and some differences. Like DoD, 76 percent of all health maintenance organizations (HMOs) required generic substitution in 1994.¹ Unlike DoD, many HMOs allow their members to pay the difference between the generic and the brand-name item if they wish to use the brand-name drug. Also unlike DoD, many HMOs restrict the drugs they issue. Some 81 percent of HMOs, for example, used a formulary

¹Hoechst Marion Roussel, Inc., *Managed Care Digest Series/HMO-PPO Digest 1995, "Physician Reimbursement,"* p. 12.

of less than 1,000 items in 1994 to guide physicians in prescribing and pharmacists in filling member prescriptions.² Whether a beneficiary got their drugs through the HMO's hospitals, mail service, or retail network did not matter.

COST SHARING

The demonstration programs shift some of the cost of their operations to the beneficiaries. Active duty dependents who use the mail-service demonstration program pay a \$4 copayment for each prescription or refill that they receive. Retirees and retiree dependents pay \$8. Copayments do not count towards the CHAMPUS catastrophic cap.

The practice of charging a copayment is also common in the private sector where 96 percent of all HMOs charged a copayment in 1994. Many, however, charge a higher copayment for brand-name pharmaceuticals (\$7.05) than for generics (\$6.78) to encourage generic use.³

PROGRAM ACTIVITY

Both mail-order programs have operated for two years or less and have grown at different rates. Aetna issued its first mail-order prescription in March 1994. HCS followed eight months later in November 1994. From the beginning, HCS issue rates were significantly higher than those of Aetna. By November 1995, after each contractor had been in business for at least a full year, HCS's average monthly number of issues was approximately 29,000, while Aetna's has never exceeded 4,000 in any month.

We attribute that significant difference in issue rates to three reasons:

- ◆ Aetna operates a retail network of pharmacies that is more convenient than mail service for many beneficiaries. That is particularly true in Hawaii where beneficiaries can get their prescriptions filled at Longs, a popular and omnipresent pharmacy chain with many outlets located in the same shopping centers as their supermarkets. Hawaii, for instance, has 11.3 percent of the eligible population but only 4.5 percent of the actual program usage. When we examined Aetna's mail and retail issues for California and Hawaii in March 1995, we found it made 135,184 retail issues but only 1,231 mail issues. Relative use of the two distribution channels has not changed since then.
- ◆ HCS serves a larger beneficiary population than Aetna. California and Hawaii represent 14.4 percent of the total eligible population in the United

²Hoechst Marion Roussel, Inc., *Managed Care Digest Series/HMO-PPO Digest 1995, "Pharmacy Providers,"* p. 38.

³Hoechst Marion Roussel, Inc., *Managed Care Digest Series/HMO-PPO Digest 1995, "Pharmacy Benefit Structure,"* p. 28.

States, while HCS's six-state eligible population is 18.8 percent of the total eligible population in the United States.

- ◆ HCS is clearly more aggressive in marketing its mail-order program, a fact that does not surprise us since HCS only provides mail-order service.

In Chapter 2, we analyze who use DoD's mail-service demonstration programs and identify the methods and their relative costs that beneficiaries used prior to using mail service. We recommend in Chapter 3 that DoD expand its mail-service demonstration programs nationwide. We also make other recommendations in Chapter 3 that DoD should consider for increasing the program's convenience or for further reducing its total drug costs.

CHAPTER 2

Mail-Order Demonstration Analysis

In this chapter, we analyze the data obtained from DoD's mail-order demonstration programs and draw conclusions about the usage, costs, and savings associated with expanding the mail-service benefit nationwide.

Of the \$804 million DoD spent on drugs in FY95, \$181 million was spent on CHAMPUS drug benefits, \$616 million on MTF inpatient and outpatient drugs, and \$7 million on mail-service benefits. With the advent of a nationwide DoD mail pharmacy benefit, some beneficiaries will switch from using an MTF to using the mail service as their source of supply. Others will curtail their use of CHAMPUS in favor of using the mail service, and still others will switch from a non-DoD-supported drug payment (e.g., other insurance or out-of-pocket) to the mail service. In our analysis, the principal questions that we address are as follows:

- ◆ What are the demographics and numbers of the total U.S. population of beneficiaries and how do they compare with those of the demonstration programs?
- ◆ How do costs compare across the MTF, CHAMPUS, and mail channels of drug distribution?
- ◆ How much usage (number of prescriptions) will the mail program experience?
- ◆ How much of that usage will be by users who have not previously participated in a DoD-supported drug benefit program (hereafter referred to as "ghost" usage)?

To answer these questions and ultimately to project nationwide costs and savings, we gathered data from three primary sources: mail-service contractors, mail-service users, and the Defense Medical Information System (DMIS). Mail-service contractors provided us with cost, prescription, and patient data from the demonstration projects. We surveyed mail-service users to understand their prior sources of maintenance medications, and we obtained population data by age, gender, and geographical location from the DMIS. In addition to those data sources, we also spoke with representatives from CHAMPUS and the MTFs to understand their costs.

The analysis we present in this chapter (and in Appendix B) is derived solely from the HCS test area data from New Jersey, Pennsylvania, Delaware, Georgia, South Carolina, and Florida. While we also gathered and examined data from the Aetna program in California and Hawaii, the low usage there

prevented us from projecting any kind of meaningful costs and savings. We believe the HCS program most closely represents the true effects of a nationwide program. We were able to use the Aetna data to confirm that nonfederal prices for drugs are considerably higher than federal prices and that the offering of a retail program (with less emphasis on mail service) has the effect of curtailing mail usage substantially.

Our summary findings about population demographics, costs, usage, and switching behavior from ghost and other channels are presented below. We also present a summary of projected costs and savings and associated sensitivity of the underlying data elements used to compute them. In that sensitivity analysis we discuss the effects of expanding the program to a greater number of users. Finally, we present our conclusions about providing mail service nationwide to DoD beneficiaries. Appendix A (Mail User Survey) and Appendix B (Detailed Case Analyses) present all the supporting details of our calculations.

BENEFICIARY POPULATION

The mail-service program in the demonstration states serves active duty military dependents, retirees, and dependents of retirees with one exception. Those falling into the aforementioned categories who are eligible for Medicare (primarily those 65 years of age and older) are not eligible for the mail-service benefit unless their healthcare benefits have been adversely affected by BRAC actions. Individuals who obtained their pharmaceuticals from MTFs that are now closed fall into that category.

Figure 2-1 portrays the relevant study populations. Nationwide, the 5.9 million active duty dependents, retirees, and dependents of retirees include

- ◆ 2.1 million active duty dependents under 65 years of age (35.8 percent of the total eligible population),
- ◆ 2.9 million retirees and dependents under 65 years of age (47.9 percent),
- ◆ 451 thousand others 65 years of age and older living outside catchment areas (within 40 miles of an MTF) (7.6 percent), and
- ◆ 516 thousand others 65 and over years of age living inside of catchment areas (8.7 percent).

We specifically show the 65 and over population both inside and outside catchment areas because those populations have different characteristics.

Active duty dependents, retirees, and dependents of retirees

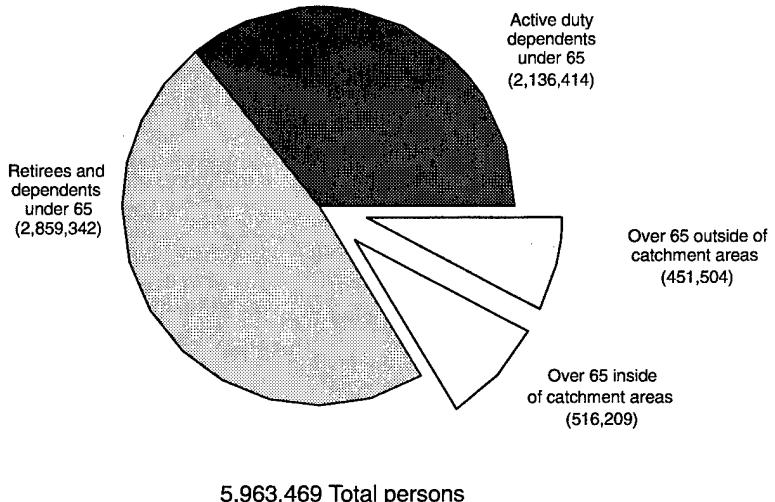


Figure 2-1.
U.S. Military Healthcare System Beneficiary Population

As mentioned above, for those 65 and older, eligibility is restricted by BRAC status. For the most part, people in that segment are not eligible for the CHAMPUS benefit and their corresponding Medicare benefit does not pay for prescription drugs. While those living both inside and outside of catchment areas may use the MTFs to obtain pharmacy items, those living inside catchment areas are more likely to do so because of their proximity to the MTFs and are, therefore, more able to benefit from that option. Practically speaking, many of those 65 and older living inside of catchment areas have one alternative (the MTFs) to the mail service, while those living outside of catchment areas have no other options. Of those populations, those that use the mail service are more likely to be former ghosts (new DoD users) because of their limited alternatives.

In our analysis, we divided the beneficiary population into 20 “population groups.” Each group is defined by gender, age, and geographical proximity to an MTF, the three factors that we believe have the greatest effect on prescription drug needs and mail-service usage behavior. Table 2-1 shows the 20 population groups and the corresponding populations both in the test area and in the United States as a whole. While the fraction of the nationwide beneficiary population represented by the test area varies between population groups from 16.3 percent to 22.7 percent, the test population as a whole represents 18.8 percent of all beneficiaries nationwide. We analyzed each population group separately, and we summarize our data and results across population groups in this chapter. The details of our analysis are presented in Appendix B.

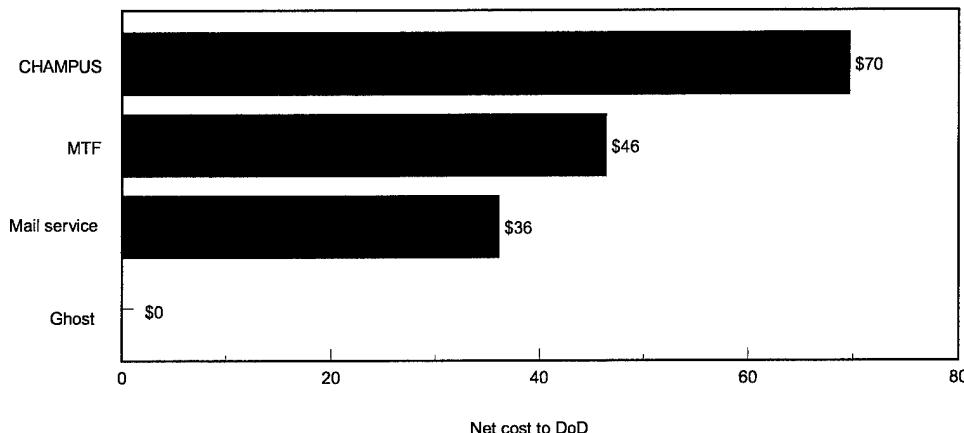
Table 2-1.
Population Groups

Gender	Age group	Catchment status	Test area population	Total U.S. population	Fraction of total (percent)
Female	0 – 17	Outside	32,215	181,346	17.8
		Inside	114,114	669,545	17.0
	18 – 24	Outside	13,264	75,239	17.6
		Inside	43,387	266,484	16.3
	25 – 44	Outside	29,805	162,725	18.3
		Inside	107,594	617,634	17.4
	45 – 64	Outside	64,242	323,809	19.8
		Inside	99,823	498,297	20.0
	65 and over	Outside	33,495	147,540	22.7
		Inside	43,235	199,770	21.6
Male	0 – 17	Outside	33,110	187,122	17.7
		Inside	117,253	693,898	16.9
	18 – 24	Outside	8,642	48,181	17.9
		Inside	20,785	117,954	17.6
	25 – 44	Outside	13,989	73,888	18.9
		Inside	27,923	142,327	19.6
	45 – 64	Outside	75,375	396,374	19.0
		Inside	109,988	540,933	20.3
	65 and over	Outside	64,243	303,964	21.1
		Inside	69,770	316,439	22.0
Total	–	–	1,122,252	5,963,469	18.8

COMPARISON OF COSTS ACROSS CHANNELS

The cost of distributing pharmaceuticals to beneficiaries varies dramatically by the distribution channel used. Some channels are much more costly than others. Figure 2-2 illustrates the differences in net costs to DoD of an average maintenance drug obtained through each channel. Note that we include the effects of copayments and dispensing or claim-processing fees in all costs. The net cost to DoD for a maintenance medication through CHAMPUS is nearly twice that of the mail-service channel, while the corresponding MTF cost is about \$10 more. The MTF cost difference results from the mail-service copayment (about

\$7 worth) and the difference in quantity issued at one time (a 30-day supply issued at the MTF means that the MTF must make two issues for every one in the mail-service channel).¹



Notes: Assumptions: (1) Utilization is the same in all programs. (Valid for maintenance drugs.) (2) Costs shown are for equivalent 60 days of supply. (3) Mail-service program uses federal pricing. (4) MTFs issue 30 days of supply at a time. (Cost is \$4 lower if they issue 90 days of supply at a time.) (5) CHAMPUS benefit provides 30 days of supply at a time. (6) Dispensing fees average approximately \$3. Outpatient pharmacy cost study by the Air Force Management Engineering Agency for MTF fees ranged from \$2.13 to \$3.90.

Figure 2-2.
Average Maintenance Prescription Cost by Benefit Program

While the relative differences between channels in Figure 2-2 remain the same across all population groups, the proportions change slightly. The key drivers for determining cost differences are as follows:

- ◆ Federal drug prices average about 43 percent of the average wholesale price (AWP).²
- ◆ Retail prices reimbursed by CHAMPUS average 90 percent of AWP. The CHAMPUS copayment is 25 percent of that price. The CHAMPUS claim-processing fee is \$3.
- ◆ MTF issue costs are \$3 per prescription.

¹During the course of our study, the MTFs were in the process of switching from issuing 30 days of supply for maintenance medications to issuing 90 days of supply. The effect of that change is to lower the difference between mail-service costs and MTF costs by about \$4 in dispensing fees. We address that change in our sensitivity analysis.

²AWP does not represent a true average wholesale price. It is simply an index upon which the drug industry bases its pricing discounts. While federal prices average 43 percent of AWP, nonfederal prices charged by manufacturers average 56 percent of AWP. In effect, average nonfederal manufacturer prices are 30 percent higher than federal prices.

- ◆ Mail-service issue costs are \$3.36 per prescription and copayments average \$7.67 per prescription.

For medications with costs higher than those shown in Figure 2-2, the CHAMPUS cost remains nearly twice the mail-order cost, while for lower cost medications, the differences are even more pronounced. Because the differences between mail-order and MTF costs are fixed regardless of drug price, the difference is always about \$10. We show the cost of the ghosts to illustrate that any eligible beneficiary choosing a non-DoD drug delivery channel (i.e., other insurance or self-paid) costs DoD nothing. Clearly, the benefit of the mail service to DoD is that it provides a less expensive means of filling a prescription than CHAMPUS and the MTFs. DoD's risk in offering it lies in its unintended effectiveness in moving prescriptions from the ghost channel to the mail-service channel.

MAIL-SERVICE UTILIZATION

Figure 2-3 summarizes the actual mail-order demonstration per capita utilization. Per capita utilization in each population group is the *product* of two variables:

- ◆ The percentage of the population actually using the mail service, either by choice or by eligibility. In the 65 and older population groups, only those adversely affected by BRAC are eligible.
- ◆ The average maintenance medication usage of a person in that population group.

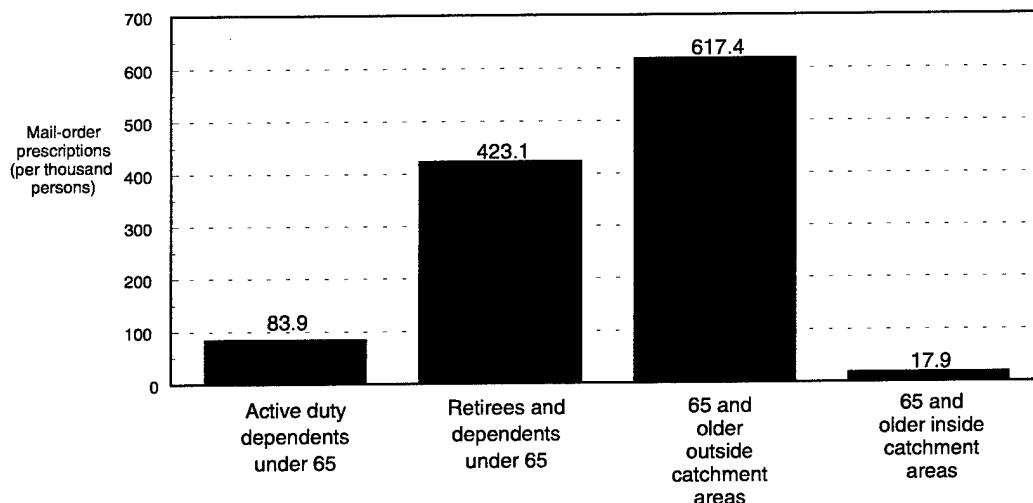


Figure 2-3.
Per Capita Mail-Service Utilization

For persons less than 65 years old, per capita usage is 83.9 mail prescriptions per thousand persons for active duty dependents and 423.1 per thousand persons for retirees and their dependents. This monumental increase is due primarily to the fact that the retiree population is older. The older the age group, the more prescription drugs they use (of any kind). Without limitations on who can use the mail service, we would expect that the 65 and older age group would have even higher per capita utilization.

The per capita utilization for those 65 and older living outside of catchment areas is 617.4 mail prescriptions per thousand persons, while it is only 17.9 per thousand persons for those 65 and older inside of catchment areas. Those living inside catchment areas, by definition, live close to MTFs and, hence, close to free sources of supply. They tend not to use the mail service because of the cost of the copayment.³ Any increase in their utilization will likely result from movement away from the MTF channel and will, therefore, produce additional program savings since the mail service is less expensive. Although the per capita utilization for those 65 and older living outside of catchment areas is higher than that for the other beneficiary categories, it is nonetheless constrained by the fact that only a fraction of that population is actually eligible for the mail-service benefit. An increase in their mail-service utilization is likely to be the result of increased ghost utilization by those not living close to MTFs and could consequently result in substantial added costs to DoD. We explore the costs associated with increasing that utilization in our discussion of sensitivity analysis and program expansion.

CHANNEL-SWITCHING BEHAVIOR

We asked mail users, in the absence of the mail service, where they would have obtained their current maintenance medication (from a military or nonmilitary pharmacy) and which insurance benefit they would have used to pay for medications obtained from nonmilitary pharmacies (CHAMPUS claim, non-DoD insurance, or self-paid). The answers to those questions allowed us to categorize distribution channel-switching behavior patterns.

Table 2-2 summarizes the channel-switching behavior of mail-order users. While there were some differences across population groups, and some population groups were combined to obtain higher statistical significance, the big difference in channel-switching behavior is between those 65 and over and those under 65, regardless of their age or catchment status. Those 65 and over

³While not shown here, an interesting result was that the average prescription cost for users inside catchment areas was higher for every age and gender combination than that for users outside catchment areas. We believe the reason is that certain high-cost drugs are not available at MTFs so those living close to an MTF that would otherwise use the MTF pharmacy use the mail service to obtain those drugs. That belief is supported by our user survey results.

comprise roughly 60 percent former ghosts and 36 percent former MTF users.⁴ Those users under 65 comprise roughly 30 percent former ghosts, 20 percent former MTF users, and 50 percent former CHAMPUS users.

Table 2-2.
Expected Channel Switching (percent of mail-service prescriptions)

Age category	From military pharmacies (percent)	From CHAMPUS benefit (percent)	From outside military system (percent)
Under 65 years	19.7	48.9	31.4
65 years and over	35.8	4.5	59.6
All	22.5	41.3	36.3

The practical effect of the large ghost usage by those 65 and over is that nationwide mail service is not likely to be cost-effective for users in that age category because DoD will be providing a benefit to a large number of beneficiaries who receive no such benefit now. The larger ghost usage by those 65 and over is not surprising since Medicare does not have a prescription drug benefit and, for the most part, they are not eligible for CHAMPUS. Our survey defined the magnitude of the channel-switching differences.

PROJECTED NATIONWIDE COSTS AND SAVINGS

We project that the mail-service program, if expanded nationwide in its current format (and current eligibility rules), will yield \$7.2 million in net savings to DoD annually. Table 2-3 summarizes the projected costs and savings by population category (active duty, retiree). The program will draw \$52 million of pharmacy business out of the CHAMPUS program and another \$17 million out of the MTFs. The cost of providing prescriptions through the mail service is \$27 million for the former CHAMPUS users, \$13 million for the former MTF users, and \$21 million for the former ghosts who will be drawn in from outside the military healthcare system.

While the program saves money when applied to those under age 65, it costs money for those 65 over and over. This is a direct result of the 60 percent ghost usage from those 65 and older and 30 percent from those under 65. Virtually no CHAMPUS savings accrue for those 65 and over, while substantial CHAMPUS savings are realized for those under 65. Overall, the net savings associated with the under-65 population outweigh the net costs of the 65 and over population, primarily because program usage for those 65 and over is restricted

⁴A small percentage of those 65 and older indicated they would use CHAMPUS in the absence of mail service. Most beneficiaries 65 and older, because of their Medicare eligibility, are not eligible for CHAMPUS. While some persons 65 and older are eligible for CHAMPUS, it appears that a small percentage of survey respondents answered incorrectly. The effects on the ensuing calculations are minimal.

to those affected by base closures. We address the removal of that restriction in our discussion on program expansion. The detailed computations by population group that comprise the summary data shown in Table 2-3 are given in Appendix B.

Table 2-3.
Projected Nationwide Costs and Savings

	Active duty dependents under 65	Retirees and dependents under 65	65 and over outside catchment areas	65 and older inside catchment areas	Total
Projected mail-order prescriptions (thousands)	179.3	1,209.8	278.8	9.3	1,677.2
Costs (millions)					
Previous CHAMPUS users	\$1.7	\$20.1	\$0.3	\$0.0	\$27.1
Previous MTF users	\$6.7	\$8.9	\$2.6	\$0.1	\$13.3
Previous ghosts	\$3.0	\$13.6	\$4.4	\$0.2	\$21.2
Savings (millions)					
From CHAMPUS	\$11.9	\$39.0	\$0.7	\$0.0	\$51.6
From MTFs	\$1.9	\$11.4	\$3.7	\$0.2	\$17.2
Net savings (millions)	\$2.5	\$7.9	(\$3.0)	(\$0.2)	\$7.2

Note: The small amount of CHAMPUS savings for 65 and older population groups result from survey responses by individuals in those groups indicating CHAMPUS as their alternative channel, even though they may not in fact be eligible for CHAMPUS.

SENSITIVITY OF RESULTS

We sought to determine how sensitive our results were about projected nationwide net savings to

- ◆ statistical sampling errors in our user survey of channel-switching behavior;
- ◆ key changes in the structural components of the mail service, including copayments, use of federal pricing, and relative degree of marketing efforts by the mail-service contractor;
- ◆ expansion of the program to all Medicare-eligible persons; and
- ◆ expansion of the program to active duty personnel.

We changed the parameters of our model to reflect these types of changes and recomputed the resulting costs and savings. The details of those

calculations are found in Appendix B. The following subsections summarize the results.

Statistical Sampling Confidence Interval

The data we used to define channel-switching behavior were obtained by sampling users of the mail service. As such, those data are subject to sampling error. In our analysis we calculated expected net savings to be \$7.2 million annually. We constructed 90-percent confidence intervals for our switching data in each population group and used those confidence limits to construct best- and worst-case estimates of projected net savings.

Based on our statistical analysis calculations, we are 90 percent confident that a nationwide mail-service program, as it is currently structured, will not lose money. In the worst case, the program will break even, and in the best case it could save as much as \$14.3 million. We expect it to save \$7.2 million.

Structural Changes to the Mail-Service Program

We calculated projected nationwide costs and savings that would result from five different structural changes to the program. Table 2-4 shows the results of those calculations.

Table 2-4.
Sensitivity of Key Structural Components of Mail Service

	Base case	No copay	No federal pricing	Usage 25% higher	MTFs issue 90-days of supply	Triple utilization for "65 and older outside"
Projected mail-order prescriptions (thousands)	1,677.2	1,677.2	1,677.2	2,096.5	1,677.2	2,234.7
Costs (millions)						
Previous CHAMPUS users	\$27.1	\$32.4	\$36.7	\$33.9	\$27.1	\$27.8
Previous MTF users	\$13.3	\$16.2	\$18	\$16.6	\$13.3	\$18.5
Previous ghosts	\$21.2	\$25.8	\$28.7	\$26.5	\$21.2	\$29.9
Savings (millions)						
From CHAMPUS	\$51.6	\$51.6	\$51.6	\$64.5	\$51.6	\$53.0
From MTFs	\$17.2	\$17.2	\$17.2	\$21.4	\$15.7	\$24.5
Net savings (millions)	\$7.2	(\$5.7)	(\$14.5)	\$9.0	\$5.7	\$1.3

Note: The small amount of CHAMPUS savings for 65 and older population groups result from survey responses by individuals in those groups indicating CHAMPUS as their alternative channel, even though they may not in fact be eligible for CHAMPUS.

The changes we explored and the effect of those changes are described below:

- ◆ *No copayment for mail-order prescriptions.* We felt it important to understand the financial effect of copayments on the program. We did not increase utilization of the mail service under this scenario although that would likely happen if copayments were eliminated. The effect of this change is an added cost of \$12.9 million, resulting in a *net program cost* of \$5.7 million nationwide.
- ◆ *No federal pricing available to the mail-order contractor.* The Aetna program, in fact, does not use federal pricing. Since average manufacturer prices are typically 30 percent higher than federal prices, we wanted to compute the effect of not using that important cost-saving vehicle. The effect of this change is an added cost of \$21.7 million, resulting in a *net program cost* of \$14.5 million nationwide.
- ◆ *Mail-usage levels 25 percent higher than observed in demonstration areas.* While we believe that mail-service usage had stabilized at the time we gathered our usage data, that usage could possibly increase since the mail service had been in effect for less than a year at the time. To examine that possibility, we calculated projected net savings using utilization rates 25 percent higher across all population groups. The impact of this change is an added savings of \$1.8 million, resulting in a *net program savings* of \$9.0 million nationwide.
- ◆ *MTFs issue 90-days of supply at a time instead of 30 days.* The MTFs are, in fact, in the process of converting their maintenance medication prescription levels to 90-days of supply. That conversion lowers their dispensing fees since they will only dispense one-third as often. We sought to quantify the effects of that change on the mail service. Its effect is an added cost of \$1.5 million, resulting in a *net program savings* of \$5.7 million nationwide.
- ◆ *Per capita utilization for the 65 and older population living outside of catchment areas is three times higher than observed in the demonstration areas.* Without changing the structure of the program, it is entirely possible that more people 65 and over who are affected by BRAC and do not live near an MTF will use the program. We sought to determine how much of an increase in utilization for this group could be absorbed without losing money on the mail-service program. We found that tripling utilization for those 65 and older outside of catchment areas resulted in a small, projected *net program savings* of \$1.3 million. The added cost of this change is \$6.9 million.

Of the five changes we examined, eliminating copayments and federal pricing have the most significant consequences.

Expanding the Mail Service to All Medicare-Eligible Persons

We sought to understand the possible effect of providing mail service to all Medicare-eligible DoD beneficiaries, not merely to those affected by BRAC. We calculated lower and upper bounds on the cost of that expansion.⁵ For the lower bound, we used mail-usage data obtained from the Orlando, Florida area and corresponding DMIS population data for that area. Our intent was to understand the utilization of a known population, 100 percent of which has been affected by BRAC and is no longer part of any catchment area.⁶ We applied those utilization rates and known channel-switching behavior to determine costs and savings of a nationwide change in eligibility rules. Since our data reflected only three months of usage after the Orlando population became affected by BRAC (when the Orlando Naval Hospital closed), we believe the costs (and savings) derived from those usage rates to be a lower bound on the cost of the expansion. For the upper bound, we obtained total prescription cost data for those 65 years and older and converted that to equivalent mail-order usage assuming all medications were obtained through the mail service.⁷ We applied the resulting mail-usage rates, assuming 100 percent of users were ghosts (i.e., not previous DoD pharmacy users) to determine costs and savings.⁸ It is unlikely that all medications would be supplied through the mail service and that all users would be ghosts. Thus, the costs (and savings) derived from total prescription costs with 100 percent mail usage and 100 percent ghosts is an upper bound on the cost of the expansion.

The expansion of mail service to all Medicare-eligible persons will result in a substantial additional cost to DoD. That cost ranges from \$22.7 million to as much as \$140.2 million. Additional data from the Orlando area will help DoD to narrow that cost range. The results of our analysis are shown in Table 2-5. The table shows costs and savings for population groups 65 and older outside of

⁵We applied our calculations to populations of Medicare-eligible persons living outside of catchment areas only since, for the most part, they contain the population of persons adversely affected by base closures.

⁶We could not obtain population data for other BRAC-affected areas (either in the demonstration states or in the United States as a whole) so we could not perform this type of analysis for other parts of the country, nor could we break out the BRAC-affected population. The availability of data for the Orlando Naval Hospital catchment area provided a unique opportunity to better understand usage by BRAC-affected persons. Resulting per capita annual utilization rates for 60-days of supply averaged 7.73 prescriptions for women and 4.16 for men. These rates include the effects of those persons who do not use the mail service to obtain medications.

⁷According to the Health Care Financing Administration's Office of National Health Statistics, Medicare-eligible persons spend an average of \$771 per year on prescriptions at retail price. The data are referenced in *Estimating the Cost of a Medicare Outpatient Prescription Drug Benefit*, Health Care Financing Review, Spring 1994, Volume 15, Number 3, p. 106.

⁸The \$771 worth of drugs at retail prices is equivalent to \$368 per person at federal prices using a retail price equivalent to 90 percent of AWP and a federal price of 43 percent of AWP. Using average 60-day maintenance medication costs of \$27.70 for men and \$32.22 for women (observed from demonstration data), we calculate annual per capita utilization rates (60-day prescriptions) of 11.08 for men and 13.29 for women.

catchment areas only. The first column (BRAC-affected persons) represents the component of the nationwide program "as-is" that is represented by those population groups. The other two columns (expansion at observed utilization rates and expansion at maximum utilization rates) reflect the lower and upper bounds, respectively. While the as-is program structure yields a net cost of \$3 million, the lower bound on expanding to all Medicare-eligible beneficiaries is \$25.7 million and the upper bound is \$143.2 million. In either case, the expansion results in a significant cost to DoD. The differences from the as-is case are \$22.7 million and \$140.2 million for the lower and upper bound cases, respectively.

Table 2-5.
Expansion to All Medicare-Eligible Persons

	BRAC-affected persons only (program as-is)	Expansion at observed utilization rate (lower bound)	Expansion at maximum utilization rates (upper bound)
Projected mail-order prescriptions (thousands)	278.8	1,209.8	278.8
Costs (millions)			
Previous CHAMPUS users	\$0.3	\$2.9	\$0.0
Previous MTF users	\$2.6	\$22.7	\$0.0
Previous ghosts	\$4.4	\$37.6	\$143.2
Savings (millions)			
From CHAMPUS	\$0.7	\$5.9	\$0.0
From MTFs	\$3.7	\$31.6	\$0.0
Net savings (millions)	(\$3.0)	(\$25.7)	(\$143.2)

Notes: (1) Figures presented are for population groups encompassing persons 65 years and older living outside of catchment areas only. (2) Small amount of CHAMPUS savings for 65 and older population groups result from survey responses by individuals in those groups indicating CHAMPUS as their alternative channel, even though they may not in fact be eligible for CHAMPUS.

Expanding the Mail Service to Active Duty Personnel

During the preparation of this report, DoD asked us to consider the cost of expanding the program to active duty personnel. Those individuals would, if desired, get their medications from the mail service instead of using a military pharmacy.⁹ While we did not specifically study the use of mail service by active duty personnel, and the demonstration programs specifically excluded them, we were able to use the information we gathered to understand the effects of that expansion.

⁹ Military pharmacies are the only source of prescription drugs for active duty personnel. They are not eligible for CHAMPUS and have no other drug benefits available to them. Also, we assume there is no ghost usage among active duty personnel.

Expanding the mail-service program to active duty personnel would result in no additional costs to DoD. We do not know the magnitude of the mail-service usage that would result from this expansion, but we do know that drug prices and dispensing fees are the same in both the mail-service program and the military pharmacies. Both use federal pricing and issue prescriptions for about \$3 each. Differences could result if the two programs dispense different amounts (days of supply) at a time or if one program charges a copayment while the other does not. As long as the mail-service issues at least as many days of supply as the MTFs and it charges at least as much in copayments as the MTFs (currently \$0), the expansion will result in no additional cost to DoD.¹⁰

CONCLUSIONS

We draw the following conclusions about the cost-effectiveness of expanding the mail-service nationwide:

- ◆ *Using the mail service to supply a particular drug is more cost-effective for DoD than using either an MTF or the CHAMPUS benefit.* The primary reasons are that the MTFs do not charge a copayment and CHAMPUS drugs are reimbursed at retail prices.
- ◆ *Even if made available nationwide, mail service will represent only a small part of DoD's total drug costs, which are in excess of \$800 million annually.* We project that the program will cost \$61 million annually, or about 7.6 percent of total drug costs (including inpatient costs). That cost is not inconsistent with private-sector rates of around 10 percent of total drug costs.
- ◆ *The program as it is currently structured will save a small amount of money if implemented nationwide.* We project savings of \$7.2 million and are 90 percent confident that the program will not lose money.
- ◆ *The effect of copayments on nationwide savings is substantial.* We calculated that copayments are worth \$12.9 million a year. Without them, the cost of anticipated ghost usage (based on current eligibility rules) would outweigh the savings from converting CHAMPUS retail users to the mail-order program.
- ◆ *The effect of federal pricing on nationwide savings is also substantial.* We calculated that federal pricing is worth \$21.7 million per year. Without it the program would lose a significant amount of money. Any future mail-service contracts must have access to federal pricing to be cost-effective.

¹⁰We cannot estimate either the total nationwide mail-service usage by active duty personnel or the cost differences resulting from different issue amounts or different copayments because we have no data to estimate mail-service utilization rates by that population.

- ◆ *Any use of the mail service by the beneficiary population under 65 years old will yield net savings, but use by the 65 and older population will yield net costs.* The primary driver is ghost utilization; only 30 percent of the under-65 users are ghosts. The remaining 70 percent will switch from more costly channels. However, 60 percent of the 65 and older users are ghosts and will represent a totally new cost to DoD.
- ◆ *Expansion of the mail service to all Medicare-eligible persons will yield substantial additional net costs.* We calculated that those additional costs will be between \$22.7 million and \$140.2 million per year. Essentially, those Medicare-eligible persons living outside of catchment areas use a significant amount of prescription drugs and their Medicare benefits do not contain a prescription drug benefit. They will be highly motivated to participate in the mail-service program.
- ◆ *Expansion of the mail service to active duty personnel will not result in any additional cost to DoD.* That expansion simply results in the shifting of some prescription filling activity from military pharmacies to the mail service. As long as both programs use federal pricing and have similar dispensing costs, there are no adverse consequences. If the mail service were to charge a copayment for active duty references then it would generate some savings.

If expanded nationwide, the mail-service pharmacy benefit, as it is currently structured, is a good idea. Not only will it save money, but it will provide a benefit not previously available to many beneficiaries — delivery of pharmaceuticals through the mail. Its availability to Medicare-eligible persons cannot, however, be expanded without incurring substantial new costs to DoD.

CHAPTER 3

Recommendations

In this chapter, we discuss trends in the private sector for managing pharmaceutical costs as a context for our recommendations on mail-service and other cost-control measures that follow. We identified cost-saving trends in the private sector by comparing its implementation of mail-service programs with that of DoD. We found that to a large degree the private sector controls drug costs using the same methods irrespective of the channels it uses to distribute drugs to beneficiaries. Thus, private-sector methods for controlling mail-service drug costs may help DoD reduce its total drug costs.

MANAGED-CARE PHARMACEUTICAL COST-CONTROL TRENDS IN THE PRIVATE SECTOR

Private-sector HMOs control pharmaceutical costs by influencing the drugs that their members get and by negotiating the material costs and dispensing fees of each prescription. The principal method they use to influence the drugs that patients get is a formulary. Typically less than 1,000 drugs, an HMO's formulary includes those products that the HMO has determined are most cost-effective for reducing the total cost of care. Some HMOs have an open formulary that permits their physicians to prescribe nonformulary drugs without penalty. An increasing number of HMOs (an estimated 62 percent by the end of 1996) have a closed formulary that only allows physicians to prescribe nonformulary drugs by exception.¹

Whether open or closed, a formulary in the private sector is the principal method by which HMOs influence the behavior of doctors, pharmacists, and patients. One survey of the private sector, for instance, found that 81 percent of HMOs had a formulary in 1994, and that they filled 88 percent of their prescriptions from drugs on their formulary.²

¹Ciba-Geigy Corporation, *CibaGeneva Pharmacy Benefit Report 1995 Facts and Figures, "HMO Demographics,"* p. 5.

²Hoechst Marion Roussel, Inc., *Managed Care Digest Series/HMO-PPO Digest 1995, "Pharmacy Providers,"* p. 38.

The methods that HMOs use to achieve formulary compliance vary by type of HMO but typically include incentives aimed specifically at physicians, pharmacists, and patients.³ For physicians, HMO incentives typically include

- ◆ use of a closed formulary that allows the issuance of specific nonformulary drugs only by exception,
- ◆ monitoring of physician prescribing activity to identify compliance with the HMO's formulary,
- ◆ mandatory substitution of generic drugs,
- ◆ identification of how often physicians prescribe generic equivalents over brand-name items, and
- ◆ establishment of capitated reimbursement rates that include the cost of drugs that physicians prescribe.

HMOs typically encourage pharmacists to comply with their formulary by

- ◆ providing higher fees for dispensing generic over brand-name items;
- ◆ limiting what is prescribed (or what the HMO will reimburse) using point-of-sale (POS) software that authorizes a retail or mail-service pharmacist to fill a prescription for a particular drug based on the HMO's formulary (HMO's also use POS software to establish eligibility, collect copayments, and monitor deductible levels); and
- ◆ reimbursing pharmacists for providing cognitive services that include such actions as counseling patients to prevent adverse — and often highly expensive — drug use reactions and contacting physicians to intervene with recommendations that they use more cost-effective drugs.

HMOs encourage patients to use formulary drugs by

- ◆ imposing copayments or some form of deductible, and
- ◆ excluding specific drugs (e.g., over-the-counter medications) from the formulary.

In addition to those measures to control the drugs that are used, HMOs also take steps to control the cost of the drugs themselves and their distribution. HMOs typically contract with mail-service and retail-network providers to reduce dispensing fees and with manufacturers or distributors to reduce the cost of the dispensed product. In 1994, for instance, 85 percent of HMOs contracted with retail drug chains to provide drugs to their members at negotiated prices.

³We found that HMO initiatives to influence what is prescribed are, to a large degree, independent of the method (mail, retail, in-house pharmacy) used to get a prescription to a patient.

Some 29 percent provided a mail-service benefit, a figure that has more than doubled since 1991 when only 12 percent of HMOs provided such a service.⁴

NATIONWIDE DoD MAIL-SERVICE BENEFIT

Based on our evaluation of DoD's mail-service demonstration programs, we conclude that the department will save \$7.2 million by offering the benefits of those programs nationwide, and therefore, we recommend that the department proceed with that implementation. We reached our recommendation by evaluating what the mail programs dispense, who the programs serve, what the programs cost, and how beneficiaries previously got their pharmaceuticals. We found that prior to the establishment of mail service, beneficiaries obtained their pharmaceuticals from one of three sources:

- ◆ CHAMPUS, which is more expensive than mail service primarily because it does not use federally priced pharmaceuticals;
- ◆ military pharmacies, which are also more expensive than mail service primarily because they do not charge a copayment that reduces their costs; and
- ◆ privately funded sources of drugs such as private health insurance (ghosts).

We were able to estimate the effect of the ghost population by asking current mail-service users where they got their drugs prior to using the program. We found that the size of the ghost population is substantial, particularly for those 65 years and older (61.4 percent of all mail-service users in that age category were ghosts), but we also found that the cost of serving the ghost population under current eligibility rules is less than the savings DoD will realize when users of CHAMPUS and military pharmacies switch to mail service.

Achieving the \$7.2 million projected annual savings from nationwide expansion of the mail-service program depends on retaining the following key features from the demonstration programs:

- ◆ *Copayments.* The demonstration programs charge active duty dependents a \$4 copayment and retirees and retiree dependents an \$8 copayment for each prescription filled. Those copayments reduce DoD's cost per prescription. Eliminating the copayment would wipe out DoD's \$7.2 million savings, producing instead an *increase* in program costs of \$5.7 million per year. Moreover, the elimination of copayments would likely increase the number of beneficiaries using the program and further increase costs.
- ◆ *Federal pricing.* As part of the demonstration effort, HSC was required to dispense drugs that it had purchased at federal prices wherever possible. We identified the drugs dispensed by both mail-order demonstration

⁴Hoechst Marion Roussel, Inc., *Managed Care Digest Series/HMO-PPO Digest 1995, "Pharmacy Providers,"* p. 36.

programs, determined their federal and nonfederal prices, and calculated that a nationwide mail-service program that did not use federal pricing would cost \$14.5 million *more* than the current DoD pharmacy program. We emphasize this finding because none of DoD's current TRICARE-managed care contracts includes the use of federally priced drugs for their mail pharmacy component.

- ◆ *Limited use by Medicare-eligible beneficiaries.* We examined the cost of offering mail-service pharmaceuticals to all Medicare-eligible persons and found that, at a minimum, it would produce a mail-service program that costs \$25 million more than the current program. In fact, we believe the actual amount may be considerably higher, but we need more data on Medicare use of mail service in BRAC areas to make an accurate projection.

OTHER COST-CONTROL MEASURES

While DoD employs many of the same methods that the private sector uses to control drug costs, it has yet to implement some actions that are common in the private sector and that we believe would improve its control of drug costs. Our specific recommendations are discussed in the following subsections.

Recommendation: Restrict the drugs that beneficiaries can get from mail and retail channels to those that are most cost-effective.

Over the past several years, the DoD Pharmaco-Economic Center (PEC) in San Antonio, Texas, has identified the most cost-effective drugs for treating particular disease states. In making its determinations, the PEC has found that an expensive drug may well be the most cost-effective if it significantly reduces inpatient and/or total patient recovery times.

MTFs have used the PEC's work and other similar pharmaco-economic analyses as the basis for formularies that control their drug costs. Recently, CHAMPUS began to restrict what it would cover by adopting the same mandatory generic substitution policy used in the mail-service demonstration programs. Like formularies, mandatory generic substitution is common in the private sector where 80 percent of all HMOs in 1994 had such a policy as a means of controlling drug costs.⁵

DoD should further restrict the drugs that beneficiaries can get through both mail and retail distribution channels by applying the knowledge gained from the PEC's work. In our evaluation of the mail-service program, we found that the average cost of drugs dispensed through the mail to those living within the 40-mile catchment area of an MTF was higher for every age group than it was for the same age group living outside the catchment area. Our analysis indicates

⁵Hoechst Marion Roussel, Inc., *Managed Care Digest Series/HMO-PPO Digest 1995*, "Generic Substitution," p. 42.

that beneficiaries are using the mail to get drugs that their local MTF restricts from its formulary and will not provide.

Recommendation: Consider establishing a nationwide mail-service contract, instead of requiring each TRICARE contractor to provide mail service, as a way of using federally priced pharmaceuticals, reducing dispensing fees, and controlling what is dispensed.

As we concluded our evaluation of DoD's mail-service demonstration programs, the department was successively awarding comprehensive managed-care TRICARE contracts in each of its 12 regions. Those contracts have a mail-service component, but the provision of federally priced pharmaceuticals through the mail is optional. To date, manufacturers have vigorously resisted DoD's initiatives to distribute federally priced pharmaceuticals through its TRICARE contracts. Not surprisingly, neither of the winning TRICARE contractors has elected to use federal prices in the face of that resistance.

In TRICARE, the cost of mail service is imbedded in each contract's capitated rate and is not itemized. We believe that DoD's cost for providing mail service through TRICARE is higher than the cost would be for a central mail-order contract that uses federal prices. We base our beliefs on the following:

- ◆ Federal drug prices are probably significantly lower than those of TRICARE contractors. In our evaluation of mail service, we found that the average cost of a prescription bought at federal prices and issued by HCS was approximately 50 percent less than the same item acquired through CHAMPUS, see Figure 2-2. In another study (Table 3-1), we compared DoD's total cost for the top 16 pharmaceuticals purchased through its prime vendor program with the private sector's total cost for the same items. To determine the private sector's cost, we used the best published civilian cost in the 1995 Drug Topics Red Book, a pharmaceutical industry standard reference guide. We found that the private sector would have spent \$563 million for drugs that cost DoD \$120 million, an 80 percent difference.
- ◆ Dispensing fees will probably be higher for TRICARE contractors because each will only dispense their region's portion of the total DoD mail-service volume. We estimated in Chapter 2 that a nationwide mail-service program will generate approximately 1.7 million prescriptions. HCS won its original contract by bidding \$3.36 per prescription for up to 600,000 prescriptions per year. For volumes between 600,001 to 1,200,000 prescriptions per year, it bid \$2.90; 1,200,001 to 2,400,000, \$2.59; and 2,400,001 to 4,800,000, \$2.33. For the six states that it served in the demonstration program, HCS volume was never enough to reduce per prescription costs below the base bid of \$3.36. A nationwide contract of 1.7 million prescriptions, however, would have reduced per prescription dispensing fees by \$0.77 per prescription and saved the department over 1 million.

Table 3-1.
Effect of Federal Prices as of January 1996
DoD Prime Vendor vs. Best Published Civilian Prices
(16 top dollar value pharmaceuticals)

Description	Annual usage (\$)	Best civilian cost ^a (\$)	Prime vendor cost (\$)	Price if bought civilian (\$)	Percent savings (%)	Savings (\$)
Zantac, 60s	15,029,941	1.65	0.43	57,865,272	74	42,835,331
Mevacor	13,599,922	3.00	1.02	39,983,770	66	26,383,848
Lopid	10,531,076	1.09	0.11	95,727,480	89	85,196,404
Zantac, 1,000s	9,079,560	1.65	0.43	34,956,306	74	25,876,746
MMR	8,649,529	21.43	17.9	10,292,939	16	1,643,410
Seldane	7,401,104	0.92	0.50	13,692,042	46	6,290,938
Lariam	6,632,483	6.44	3.80	11,208,896	41	4,576,413
Prozac	6,520,259	2.15	1.19	11,801,668	45	5,281,409
Naprosyn	6,216,759	0.63	0.07	56,510,339	89	50,293,580
Cardizem	6,131,012	0.43	0.06	43,775,425	86	37,644,413
Naprosyn	5,643,503	0.63	0.06	70,543,787	92	64,900,284
Intal	5,482,519	37.98	33.09	6,304,897	13	822,378
Recombivax	5,150,249	129.29	86.95	7,828,378	33	2,678,129
Augmentin	5,033,160	1.91	1.00	9,663,667	48	4,630,507
Procardia	4,965,869	0.50	0.03	82,930,012	94	77,964,143
Zestril	4,404,290	0.77	0.33	10,261,995	57	5,857,705
Totals	120,471,242			563,346,609	79	442,875,367

^aCivilian prices based on best price available as published in the 1995 Drug Topics Red Book, a pharmaceutical industry standard reference guide.

Recommendation: Require its TRICARE-managed care contractors to provide information in a form that will facilitate the work of the PEC.

The PEC's evaluation of cost-effective drugs is a time-consuming effort that requires massive amounts of information. As DoD awards its TRICARE contracts to managed-care providers, it should ensure that the requirements in those contracts for providing data are consistent with the PEC's requirements for the data that it needs to make its analysis. When we went to Aetna for data on Hawaii and California mail-service use, we were surprised to find that CHAMPUS, as a cost-saving measure, had not required the contractor to provide data. As a consequence, Aetna indicated that it would charge us for the data that it provided. In our opinion, CHAMPUS's decision represents a false economy because it ignores the crucial value of information in the process of determining cost-effective pharmaceuticals.

Recommendation: Consider charging a copayment for all pharmaceuticals dispensed.

DoD currently charges a copayment or deductible for prescriptions that beneficiaries acquire through mail service, retail service, and CHAMPUS. It does not charge for MTF prescriptions. Because MTFs do not charge a copayment that would defer their costs for each prescription, we found that they are a more expensive means of distributing pharmaceuticals than mail service. We also found — though only anecdotally — that beneficiaries tend to waste the “free” pharmaceuticals they get from MTFs. According to a 1994 survey, 97.4 percent of private-sector employers charged their employees a copayment on the pharmaceuticals they get through their pharmaceutical benefit. They did so to reduce their costs and to provide their employees with an incentive not to waste their benefit.⁶

Although the imposition of a copayment is a politically sensitive issue, DoD has another reason for considering such an action. In an era of budget cuts and force reductions, MTFs may not have the people or funds to provide pharmaceuticals to other than active duty members and their dependents. Moreover, it has found that pharmacists can reduce the total cost of patient care when they work with physicians as members of the clinical team to determine proper drug regimens. When an MTF provides pharmaceuticals at no total cost, it increases the demand on MTF pharmacy resources even though those resources might be better used providing patient care. By charging a copayment, DoD will free pharmacy resources for patient care by providing beneficiaries an economic incentive to use other methods for getting their pharmaceuticals. Like the private sector, it will also provide beneficiaries with an incentive that discourages the wasteful use of increasingly more expensive drugs.

Recommendation: Give beneficiaries the choice of using brand-name items if they are willing to pay the difference between the brand-name drug and its generic equivalent.

DoD’s mail-service demonstration programs require Aetna and HCS to issue a generic equivalent unless a physician specifically requires a brand-name item. DoD should consider permitting mail-service providers to dispense brand-name items if a patient is willing to pay the difference between the price of that item and its generic equivalent. In the private sector, 87 percent of HMOs provide this choice. When we asked users of the mail-service program what they thought of the program, one of the few complaints they had was mandatory generic substitution. Whether the complaints of respondents have any technical merit or not, allowing mail-service providers to dispense brand-name items if the beneficiary is willing to pay for them presents no additional cost to DoD, little or no additional work to mail-service providers, and an enhanced benefit to beneficiaries.

⁶Ciba-Geigy Corporation, *CibaGeneva Pharmacy Benefit Report 1995 Facts and Figures, “HMO Drug Benefit Design,”* 1995 edition, p. 8.

EPILOG

In this report, we analyzed the usage, costs, and savings obtained from DoD's mail-order demonstration projects. We concluded that mail service offered DoD one method that is effective for controlling drug costs and recommended that DoD expand the program nationwide. We qualified our recommendation, however, by noting that the program would generate savings only if it dispensed pharmaceuticals bought at federal prices, retained copayments as a means of deferring cost, and limited Medicare-eligible beneficiaries. We also recommended that DoD could further reduce its costs, by restricting the drugs that it issues to those that are cost-effective.

APPENDIX A

Mail User Survey

We surveyed mail-order users in both the Aetna and Health Care Services, Inc. (HCS), programs to understand their behavior and their reasons for using those programs. We were primarily interested in learning what alternative pharmacy benefit they would use in the absence of the mail service now available to them. We used those data to compute net costs and savings associated with expanding the mail-service benefit nationwide, as discussed in Chapter 2 and in Appendix B.

This appendix contains a copy of the survey sent to Aetna users, some summary results, and some survey cross tabulations. The survey sent to HCS users was essentially the same with one difference: respondents were not given the option of selecting a Department of Defense retail pharmacy benefit as an alternative to mail service because that retail benefit was not available to them. All other questions and wording were identical in the two survey versions.

The survey summary provides response rates for the overall population responding for each question. At the top of that summary are figures showing how many of each survey were mailed, how many were returned, and how many were compiled for use in this study. We received some of the returns after we had already compiled the data and are still receiving more. The survey summary does not show data stratified by population groups although we did stratify the channel-switching data for the purposes of our cost and savings calculations. Those stratified survey results can be found in the detailed spreadsheets in Appendix B.

The survey cross tabulations contain key survey results stratified by alternative source of supply if no mail service, by age group, or catchment classification (inside and by outside of a 40-mile radius from a medical treatment facility). The cross tabulations are from the HCS respondents only.

MAIL ORDER PHARMACY SURVEY

Please select only one response to each question. Mark the box next to your choice.

November 1995

DoD Health Care Beneficiary:

A few minutes of your time can help improve your future DoD pharmacy benefits.

Your name was provided to us as a recent user of the mail order pharmacy program available to DoD health care beneficiaries. That program is in its very early stages and is available in only a few parts of the country on a demonstration basis. We have been asked by DoD to study how the program affects DoD health care and how effective it is compared to other programs available to you.

Since you are a customer of the experimental mail order program, we are interested in hearing from you. You will find a short survey card with this letter. We would greatly appreciate your taking a few minutes to fill out the survey and returning it to us. The survey is completely anonymous and will not be traced to you in any way. The return postage is prepaid.

Your answers will help us evaluate the program and better understand the potential effect of offering this service nationwide.

Thank you for your valuable assistance.

Richard Nolan
Project Leader



A. Which single factor most influenced you to use this service to obtain your medication?

- Cost
- Counselling and information provided by pharmacists
- Ease of use
- Item availability
- 60-day supply

B. How did you first hear about this service?

- Contacted by phone
- Mail advertising
- Military hospital or clinic
- Other

C. In the absence of this service where would you obtain your current medication?

- Military hospital or clinic pharmacy
- Nonmilitary pharmacy

D. If you had obtained this medication from a nonmilitary pharmacy, which insurance benefit would you have used?

- CHAMPUS claim for patient reimbursement
- DoD retail pharmacy copay plan
- Other (private employer-sponsored plan, spouse's insurance, Medicare, out-of-pocket, etc.)

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E. Will you use this mail order service again?

- I plan to use it for all of my refill medications.
- I plan to use it for most of my refill medications.
- I plan to use it for some of my refill medications.
- I plan to use it for a few of my refill medications.
- I do not plan to use the service again.

F. Please indicate the age group of the medication user.

- Under 18 years
- 18 to 24 years
- 25 to 44 years
- 45 to 64 years
- 65 or older

G. Please indicate the sex of the medication user.

- Male
- Female

H. Please indicate your zip code.



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Thank you for responding to this questionnaire. Your information is valuable for understanding and improving your mail order pharmacy benefit.

	HCS users	Aetna users
Survey response data		
Surveys mailed	3,500	1,900
Surveys returned	1,999	1,176
Surveys compiled	1,677	1,158
Most influencing factor		
Responses	1,432	1,028
Cost	71.5%	69.2%
Counseling & information	2.2%	1.2%
Ease of use	13.9%	10.8%
Item availability	7.4%	3.5%
60-day supply	5.0%	15.4%
First heard about mail service		
Responses	1,659	1,147
Telephone	0.3%	0.0%
Mail advertising	26.5%	4.3%
Military hospital or clinic	57.0%	80.3%
Other	16.2%	15.4%
Alternate channel (if no mail service)		
Responses	1,596	1,099
Military hospital or clinic	26.4%	22.2%
CHAMPUS	29.9%	16.8%
DoD retail network	-----	30.9%
Other (ghost)	43.6%	30.0%
Preferred non-MTF option		
Responses	1,576	1,098
CHAMPUS	39.8%	22.4%
DoD retail network	-----	40.4%
Other (ghost)	60.2%	37.2%

	HCS users	Aetna users
Future use		
Responses	1,663	1,142
All refills	71.0%	68.0%
Most refills	18.3%	17.3%
Some refills	7.5%	8.1%
A few refills	3.1%	4.0%
Will not use again	0.1%	2.6%
Age and gender		
Responses	1,623	1,152
0 - 17 (male)	0.5%	1.1%
0 - 17 (female)	0.4%	0.3%
18 - 24 (male)	0.2%	0.2%
18 - 24 (female)	0.2%	0.3%
25 - 44 (male)	0.9%	0.3%
25 - 44 (female)	3.5%	2.4%
45 - 64 (male)	25.6%	13.4%
45 - 64 (female)	27.5%	16.7%
65+ (male)	22.9%	30.6%
65+ (female)	18.4%	34.7%

Alternate channel (if no mail service)

Most influencing factor	CHAMPUS	Ghost	MTF
Cost	77.7%	74.2%	57.6%
Counseling & information	1.7%	2.8%	2.1%
Ease of use	11.0%	10.1%	25.3%
Item availability	7.2%	5.8%	10.0%
60-day supply	2.4%	7.1%	5.0%
Total	100.0%	100.0%	100.0%
Sample size	417	604	340

Alternate channel (if no mail service)

First contact	CHAMPUS	Ghost	MTF
Telephone	0.4%	0.4%	0.0%
Mail advertising	37.8%	27.6%	12.7%
Military hospital or clinic	41.0%	54.5%	78.4%
Other	20.8%	17.5%	8.9%
Total	100.0%	100.0%	100.0%
Sample size	476	686	417

Alternate channel (if no mail service)

Future use	CHAMPUS	Ghost	MTF
All refills	71.9%	75.2%	65.3%
Most refills	17.8%	17.7%	18.4%
Some refills	8.0%	4.6%	10.4%
A few refills	2.3%	2.3%	5.6%
Will not use again	0.0%	0.1%	0.2%
Total	100.0%	100.0%	100.0%
Sample size	477	694	412

Age group

Most influencing factor	0-17	18-24	25-44	45-64	65+
Cost	64.3%	66.7%	77.3%	70.4%	72.1%
Counseling & information	0.0%	16.7%	0.0%	1.9%	2.8%
Ease of use	14.3%	0.0%	12.1%	14.9%	13.5%
Item availability	14.3%	0.0%	10.6%	7.6%	6.7%
60-day supply	7.1%	16.7%	0.0%	5.2%	4.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Sample size	14	6	66	747	563

Catchment classification

First contact	Inside	Outside
Telephone	0.2%	0.4%
Mail advertising	23.0%	28.3%
Military hospital or clinic	64.5%	53.2%
Other	12.4%	18.1%
Total	100.0%	100.0%
Sample size	549	1110

Catchment classification

Most influencing factor	Inside	Outside
Cost	66.1%	74.2%
Counseling & information	2.5%	2.0%
Ease of use	11.7%	15.0%
Item availability	14.0%	4.1%
60-day supply	5.6%	4.7%
Total	100.0%	100.0%
Sample size	478	954

APPENDIX B

Detailed Case Analyses

In Chapter 2, we presented the costs and savings that arise from expanding the DoD pharmaceutical mail-service nationwide, and we discussed how those numbers vary when we change key variables. This appendix contains all of the supporting data for those calculations categorized by population group. The data are presented as a series of 12 cases:

1. Base case
2. Active duty dependents under 65 only
3. Retirees and dependents under 65 only
4. 65 and older outside catchment areas only
5. 65 and older inside catchment areas only
6. No mail-order copay
7. No federal pricing (average manufacturer pricing)
8. Mail usage 25 percent higher
9. Military treatment facilities issue 90 days of supply instead of 30 days
10. Triple per capita utilization for 65 and older outside catchment areas
11. 65 and older outside catchment areas at Orlando, Florida usage rates
12. 65 outside catchment areas at 100 percent usage rates.

Case 1 is the expansion of the program as it is currently structured. Cases 2 through 5 are the various components (active duty, retiree, etc.) of Case 1; their costs and savings summed equal those of Case 1. Cases 6 through 10 are the ones discussed our sensitivity analysis of program structure changes. Each of their costs and savings would replace those of Case 1. Cases 11 and 12 are the lower and upper bounds on the cost of expanding the program to include all Medicare-eligible beneficiaries. The costs and savings in them are for population groups 65 and older outside of catchment areas only. Those costs and savings would replace the ones in Case 4.

Each case is displayed on a series of three spreadsheet pages labeled with the case number and name and page number. Data sources or column

calculations are listed under each heading and are self-explanatory. Each spreadsheet is divided into sections that roughly follow the progression of calculations needed to determine net program savings. The bottom of each spreadsheet contains totals over all population groups for applicable columns, and weighted averages (weighted by numbers of persons in each population group) for the others. Those totals and averages are also broken down by over- and under-65 years of age and 65 and older.

Population Group		Beneficiary Population		Mail Service Usage and Cost				Net Prescription Costs				Alternate Channel Costs				Channel Switching Behavior							
Gender	Age	A	Potential Users (see note 1)	B	Per Capita Utilization (Demo)	C	60-day Scripts (A x B)	D	Average Cost/Script (Demo)	E	Total Cost (C x D)	F	MTF Cost/Script (see note 2)	G	CHAMPUS Cost/Script (see note 3)	H	Pct From MTF (User Survey)	I	Pct From CHAMPUS (User Survey)	J	Pct From Ghost (User Survey)	K	90 Pct CI (+/-) (see note 4)
Female	0-17 years	outside	181,346	0.0612	11,098	\$33.92	\$376,498	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	0-17 years	inside	669,545	0.0200	13,421	\$79.26	\$1,063,787	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Female	18-24 years	outside	75,239	0.1227	9,229	\$28.28	\$260,984	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	18-24 years	inside	266,484	0.0480	12,795	\$82.29	\$1,052,923	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Female	25-44 years	outside	162,725	0.4180	68,015	\$41.54	\$2,825,119	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	25-44 years	inside	617,634	0.1423	87,885	\$80.26	\$7,053,285	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Female	45-64 years	outside	323,809	0.2991	420,656	\$25.29	\$10,637,294	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Female	45-64 years	inside	498,297	0.3985	198,631	\$40.21	\$7,986,465	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
Female	65+ years	outside	147,540	0.9203	135,788	\$23.39	\$3,175,707	\$33.70	\$49.65	35.9%	4.5%	59.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Female	65+ years	inside	199,770	0.0203	4,054	\$35.72	\$144,805	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Male	0-17 years	outside	187,122	0.0725	13,558	\$40.83	\$553,523	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	0-17 years	inside	693,898	0.0291	20,182	\$97.86	\$1,975,052	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Male	18-24 years	outside	48,181	0.0487	2,348	\$35.60	\$83,592	\$45.91	\$88.90	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	18-24 years	inside	117,954	0.0290	3,422	\$69.00	\$236,084	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Male	25-44 years	outside	73,888	0.1989	14,104	\$46.64	\$657,851	\$66.30	\$106.30	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	25-44 years	inside	142,327	0.0735	11,318	\$60.93	\$689,560	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Male	45-64 years	outside	396,374	0.8449	384,906	\$33.04	\$11,065,799	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Male	45-64 years	inside	540,933	0.3097	167,551	\$44.06	\$7,383,006	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	
Male	65+ years	inside	303,964	0.4704	142,989	\$28.91	\$4,133,767	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Male	65+ years	inside	316,439	0.0165	5,209	\$42.24	\$220,023	\$52.55	\$79.36	32.9%	4.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Total (all population groups)				All	5,963,469	-----	1,677,157	-----	\$61,575,125	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Average (weighted by population)				Under 65	4,995,756	-----	1,389,118	-----	\$53,900,824	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
				65 and Over	967,713	-----	288,039	-----	\$7,674,302	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
				All	-----	0.2812	-----	\$36.71	-----	\$45.52	\$74.58	22.5%	41.3%	36.3%	8.6%	-----	-----	-----	-----	-----	-----	-----	-----
				Under 65	0.2781	-----	\$38.80	-----	\$48.76	\$74.96	19.7%	48.9%	31.4%	9.3%	5.0%	-----	-----	-----	-----	-----	-----	-----	-----
				65 and Over	0.2976	-----	\$26.64	-----	\$36.92	\$54.71	35.8%	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Mail Order Pharmacy Analysis

Case 1: Base case

2 of 3

Population Group		Prescriptions Switched				Savings by Channel				Mail Costs by Source of New User			
		L	M	N	O	P	Q	R	S	From MTF	From CHAMPU\$	From CHAMPUS	From Ghost
Gender	Age	Rxs From MTF (C x H)	Rxs From CHAMPU\$ (C x I)	Rxs From Ghost (C x J)	From MTFs (F x L)	From CHAMPU\$ (G x M)	From CHAMPUS (H x N)	From MTFs (D x L)	From CHAMPU\$ (D x M)	From CHAMPUS (D x N)	From Ghost (D x N)		
Female	0-17 years	outside	1,549	7,227	2,323	\$68,501	\$478,804	\$52,535	\$245,161	\$78,802			
Female	0-17 years	inside	1,830	7,930	3,660	\$163,930	\$1,092,079	\$145,062	\$628,601	\$290,124			
Female	18-24 years	outside	1,288	6,010	1,932	\$49,693	\$344,695	\$36,416	\$169,943	\$54,625			
Female	18-24 years	inside	1,745	7,561	3,490	\$161,569	\$1,077,233	\$143,580	\$622,182	\$287,161			
Female	25-44 years	outside	9,490	44,289	14,236	\$492,050	\$3,465,652	\$394,203	\$1,839,613	\$4,167,850			
Female	25-44 years	inside	11,984	51,932	23,969	\$1,085,369	\$7,232,558	\$961,812	\$4,732,558	\$591,304			
Female	45-64 years	outside	72,581	210,718	137,357	\$2,583,684	\$11,092,915	\$1,835,377	\$5,328,515	\$3,473,402			
Female	45-64 years	inside	57,734	73,542	67,356	\$2,916,559	\$5,600,668	\$2,321,325	\$2,956,926	\$2,708,213			
Female	65+ years	outside	48,790	6,172	80,826	\$1,644,075	\$306,442	\$1,141,055	\$144,350	\$1,890,302			
Female	65+ years	inside	1,336	164	2,554	\$61,480	\$11,382	\$47,710	\$5,859	\$91,235			
Male	0-17 years	outside	1,892	8,829	2,838	\$96,741	\$680,955	\$77,236	\$360,434	\$115,854			
Male	0-17 years	inside	2,752	11,926	5,504	\$297,700	\$1,991,787	\$269,325	\$1,167,076	\$538,651			
Male	18-24 years	outside	328	1,529	491	\$15,042	\$105,337	\$11,664	\$54,432	\$17,496			
Male	18-24 years	inside	467	2,022	933	\$37,004	\$245,714	\$32,193	\$139,504	\$64,387			
Male	25-44 years	outside	1,968	9,184	2,952	\$112,083	\$792,559	\$91,793	\$428,368	\$137,690			
Male	25-44 years	inside	1,543	6,688	3,087	\$109,942	\$727,690	\$94,031	\$407,468	\$188,062			
Male	45-64 years	outside	57,785	167,764	109,357	\$2,505,078	\$10,881,704	\$1,909,312	\$5,543,165	\$3,613,322			
Male	45-64 years	inside	48,700	62,035	56,817	\$2,648,023	\$5,101,363	\$2,145,926	\$2,733,501	\$2,503,580			
Male	65+ years	outside	51,377	6,500	85,113	\$2,014,990	\$379,258	\$1,485,293	\$87,899	\$2,460,576			
Male	65+ years	inside	1,716	211	3,282	\$90,187	\$16,726	\$72,493	\$8,903	\$138,627			
Total (all population groups)													
All		376,853	692,229	608,075	\$17,153,700	\$51,625,472	\$13,268,342	\$27,139,749	\$21,167,034				
Under 65	65 and Over	273,635	679,183	436,300	\$13,342,967	\$50,911,714	\$10,521,791	\$26,792,739	\$16,586,294				
Average (weighted by population)													
All		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Under 65	65 and Over	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Population Group (Data sources listed under each heading)	Gender	Age	Catch- ment	Net Savings				Notes
				T Per Script (see note 5)	U Expected Total (O, P, Q, R, S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)	
Female 0-17 years	Female	0-17 years	outside	\$15.39	\$170,807	\$82,901	\$258,713	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.
Female 0-17 years	Female	0-17 years	inside	\$14.32	\$192,223	(\$33,100)	\$417,545	
Female 18-24 years	Female	18-24 years	outside	\$14.45	\$133,404	\$70,120	\$96,688	
Female 18-24 years	Female	18-24 years	inside	\$14.53	\$185,879	(\$36,389)	\$408,138	
Female 25-44 years	Female	25-44 years	outside	\$16.65	\$1,132,582	\$496,308	\$1,768,857	
Female 25-44 years	Female	25-44 years	inside	\$14.39	\$1,264,643	(\$227,610)	\$2,756,896	
Female 45-64 years	Female	45-64 years	outside	\$7.23	\$3,039,305	\$2,254,841	\$3,823,768	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).
Female 45-64 years	Female	45-64 years	inside	\$2.67	\$30,762	(\$175,981)	\$1,237,506	
Female 65+ years	Female	65+ years	outside	(\$9.02)	(\$1,225,190)	(\$1,478,424)	(\$971,956)	
Female 65+ years	Female	65+ years	inside	(\$17.76)	(\$71,993)	(\$88,901)	(\$55,084)	
Male 0-17 years	Male	0-17 years	outside	\$16.53	\$224,173	\$99,153	\$349,193	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee.
Male 0-17 years	Male	0-17 years	inside	\$15.58	\$314,434	(\$96,520)	\$725,389	
Male 18-24 years	Male	18-24 years	outside	\$15.67	\$36,787	\$17,448	\$56,126	
Male 18-24 years	Male	18-24 years	inside	\$13.63	\$46,633	(\$4,069)	\$97,330	
Male 25-44 years	Male	25-44 years	outside	\$17.50	\$246,790	\$101,281	\$392,300	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.
Male 25-44 years	Male	25-44 years	inside	\$13.08	\$148,072	(\$2,068)	\$298,212	
Male 45-64 years	Male	45-64 years	outside	\$6.93	\$2,320,983	\$1,551,456	\$3,090,510	
Male 45-64 years	Male	45-64 years	inside	\$2.19	\$366,380	(\$277,357)	\$1,010,116	
Male 65+ years	Male	65+ years	outside	(\$12.17)	(\$1,739,519)	(\$2,052,926)	(\$1,426,112)	
Male 65+ years	Male	65+ years	inside	(\$21.71)	(\$113,109)	(\$138,067)	(\$88,152)	
Total (all population groups)								(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.
All				-----	\$7,204,047	\$62,110	\$14,345,984	
Under 65				-----	\$10,353,858 (\$3,149,811)	\$3,820,428 (\$3,755,319)	\$16,887,288 (\$2,541,304)	
Average (weighted by population)								
All				\$4.30	-----	-----	-----	
Under 65				\$7.45 (\$10.94)	-----	-----	-----	
65 and Over								

Population Group				Beneficiary Population				Mail Service Usage and Cost				Net Prescription Costs				Alternate Channel Costs				Channel Switching Behavior			
Gender	Age	Age	Gender	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R		
(Data sources listed under each heading)				Potential Users (see note 1)	Per Capita Utilization (Demo)	60-day Scripts (A x B)	Average Cost/Script (Demo)	Total Cost (C x D)	MTF Cost/Script (see note 2)	CHAMPUS Cost/Script (see note 3)	Pct From MTF (User Survey)	Pct From CHAMPUS (User Survey)	Pct From Ghost (User Survey)	90 Pct CI (+/-)	90 Pct CI (+/-)	90 Pct CI (+/-)	90 Pct CI (+/-)	90 Pct CI (+/-)	90 Pct CI (+/-)	90 Pct CI (+/-)			
Female	0-17 years	outside	Female	104,627	0.0612	6,403	\$33.92	\$217,219	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Female	0-17 years	inside	Female	517,126	0.0200	10,366	\$79.26	\$821,620	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%			
Female	18-24 years	outside	Female	34,194	0.1227	4,194	\$28.28	\$118,610	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Female	18-24 years	inside	Female	182,001	0.0480	8,799	\$82.29	\$719,117	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%			
Female	25-44 years	outside	Female	80,474	0.4180	33,636	\$41.54	\$1,397,134	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Female	25-44 years	inside	Female	459,002	0.1423	65,312	\$80.26	\$5,241,732	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%			
Female	45-64 years	outside	Female	6,058	1.2991	7,870	\$25.29	\$199,008	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%			
Female	45-64 years	inside	Female	33,493	0.3986	13,351	\$40.51	\$536,810	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%			
Female	65+ years	outside	Female	0	0.9203	0	\$23.39	\$0	\$33.70	\$49.65	35.9%	45.5%	35.9%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%			
Female	65+ years	inside	Female	0	0.0203	0	\$35.72	\$0	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%			
Male	0-17 years	outside	Male	107,471	0.0725	7,787	\$40.83	\$317,908	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Male	0-17 years	inside	Male	535,682	0.0291	15,580	\$97.86	\$1,524,719	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%			
Male	18-24 years	outside	Male	7,176	0.0487	350	\$35.60	\$12,450	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Male	18-24 years	inside	Male	34,819	0.0290	1,010	\$69.00	\$69,690	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%			
Male	25-44 years	outside	Male	4,800	0.1909	916	\$46.64	\$42,736	\$56.95	\$86.30	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
Male	25-44 years	inside	Male	24,836	0.0795	1,975	\$60.93	\$120,328	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%			
Male	45-64 years	outside	Male	778	0.8449	657	\$33.04	\$21,720	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%			
Male	45-64 years	inside	Male	3,877	0.3097	1,201	\$44.06	\$52,916	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%			
Male	65+ years	outside	Male	0	0.4704	0	\$28.91	\$0	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%			
Male	65+ years	inside	Male	0	0.0165	0	\$42.24	\$0	\$52.55	\$79.36	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%			
Total (all population groups)				All	2,136,414	-----	179,348	-----	\$11,413,718	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----				
Under 65 and Over				All	2,136,414	0	179,348	0	\$11,413,718	\$0	-----	-----	-----	-----	-----	-----	-----	-----	-----				
Average (weighted by population)				All	-----	0.0839	-----	\$63.64	-----	\$71.46	\$113.47	15.2%	58.7%	26.2%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
				Under 65	-----	0.0839	-----	\$63.64	-----	\$71.46	\$113.47	15.2%	58.7%	26.2%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%			
				65 and Over	-----	NA	-----	NA	-----	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA			

Mail Order Pharmacy Analysis

Case 2: Active duty dependents under 65 only

2 of 3

Population Group	Prescriptions Switched						Savings by Channel						Mail Costs by Source of New User						Mail Costs by Source of New User							
	L			M			N			O			P			Q			R			S				
	Rxs From MTF (C x H)	Rxs From CHAMPUS (C x I)	Rxs From Ghost (C x J)	Rxs From MTF (C x H)	Rxs From CHAMPUS (C x I)	Rxs From Ghost (C x J)	Rxs From MTFs (F x L)	Rxs From CHAMPUS (G x M)	Rxs From Ghost (G x L)	Rxs From MTFs (D x L)	Rxs From CHAMPUS (D x M)	Rxs From Ghost (D x N)	Rxs From MTFs (D x L)	Rxs From CHAMPUS (D x M)	Rxs From Ghost (D x N)	Rxs From MTFs (D x L)	Rxs From CHAMPUS (D x M)	Rxs From Ghost (D x N)	Rxs From MTFs (D x L)	Rxs From CHAMPUS (D x M)	Rxs From Ghost (D x N)	Rxs From MTFs (D x L)	Rxs From CHAMPUS (D x M)	Rxs From Ghost (D x N)		
Female 0-17 years	outside	893	4,169	1,340			\$39,521			\$276,244			\$30,310			\$141,445			\$45,464							
Female 0-17 years	inside	1,413	6,125	2,827			\$26,612			\$843,472			\$112,039			\$485,503			\$224,078							
Female 18-24 years	outside	585	2,731	878			\$22,584			\$156,654			\$16,550			\$77,234			\$24,825							
Female 18-24 years	inside	1,192	5,164	2,383			\$10,347			\$735,720			\$98,061			\$424,933			\$196,123							
Female 25-44 years	outside	4,693	21,903	7,040			\$243,338			\$1,713,903			\$194,949			\$909,762			\$292,423							
Female 25-44 years	inside	8,906	38,594	17,812			\$806,605			\$5,374,961			\$714,782			\$3,097,387			\$1,429,563							
Female 45-64 years	outside	1,358	3,942	2,570			\$48,337			\$207,532			\$34,337			\$99,689			\$64,982							
Female 45-64 years	inside	3,881	4,943	4,527			\$196,036			\$376,449			\$156,028			\$198,750			\$182,032							
Female 65+ years	outside	0	0	0			\$0			\$0			\$0			\$0			\$0			\$0				
Female 65+ years	inside	0	0	0			\$0			\$0			\$0			\$0			\$0			\$0				
Male 0-17 years	outside	1,087	5,071	1,630			\$55,562			\$391,097			\$44,359			\$207,010			\$66,539							
Male 0-17 years	inside	2,125	9,207	4,249			\$299,821			\$1,537,639			\$207,916			\$900,971			\$415,833							
Male 18-24 years	outside	49	228	73			\$2,240			\$15,689			\$1,737			\$8,107			\$2,606							
Male 18-24 years	inside	138	597	275			\$10,923			\$72,533			\$9,503			\$41,180			\$19,006							
Male 25-44 years	outside	128	597	192			\$5,281			\$51,487			\$5,963			\$27,828			\$8,945							
Male 25-44 years	inside	269	1,167	539			\$19,185			\$126,982			\$16,408			\$71,103			\$32,817							
Male 45-64 years	outside	113	329	215			\$4,917			\$21,359			\$3,748			\$10,880			\$7,092							
Male 45-64 years	inside	349	445	407			\$8,979			\$36,563			\$15,380			\$19,592			\$17,944							
Male 65+ years	outside	0	0	0			\$0			\$0			\$0			\$0			\$0			\$0				
Male 65+ years	inside	0	0	0			\$0			\$0			\$0			\$0			\$0			\$0				
Total (all population groups)																										
All		27,179	105,211	46,958			\$1,942,290			\$11,938,283			\$1,662,071			\$6,721,373			\$3,030,273							
Under 65		27,179	105,211	46,958			\$1,942,290			\$11,938,283			\$1,662,071			\$6,721,373			\$3,030,273							
Average (weighted by population)																										
All		-----	-----	-----			-----			-----			-----			-----			-----			-----			-----	
Under 65		-----	-----	-----			-----			-----			-----			-----			-----			-----			-----	
65 and Over		-----	-----	-----			-----			-----			-----			-----			-----			-----			-----	

Population Group			Net Savings				Notes	
Gender	Age	Catchment (Data sources listed under each heading)	T Per Script (see note 5)	U Expected Total (O, P, Q, R, S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	outside	\$15,39	\$98,546	\$47,830	\$149,263	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	inside	\$14,32	\$148,464	(\$25,565)	\$322,493		
Female	18-24 years	outside	\$14,45	\$60,628	\$31,868	\$99,389		
Female	18-24 years	inside	\$14,53	\$126,950	(\$24,847)	\$28,747		
Female	25-44 years	outside	\$16,65	\$560,107	\$245,444	\$874,770		
Female	25-44 years	inside	\$14,39	\$930,834	(\$169,151)	\$2,048,820		
Female	45-64 years	outside	\$7,23	\$56,861	\$42,185	\$71,537		
Female	45-64 years	inside	\$2,67	\$35,675	(\$11,829)	\$93,179		
Female	65+ years	outside	\$2,67	\$35,675	(\$11,829)	\$93,179		
Female	65+ years	inside	(\$9,02)	\$0	\$0	\$0		
Female	65+ years	inside	(\$17,76)	\$0	\$0	\$0		
Male	0-17 years	outside	\$16,53	\$128,751	\$56,947	\$200,554	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee. Price reflects 60-day supply (two 30-day issues).	
Male	0-17 years	inside	\$15,58	\$242,740	(\$74,512)	\$559,992		
Male	18-24 years	outside	\$15,67	\$5,479	\$2,599	\$88,359		
Male	18-24 years	inside	\$13,63	\$13,766	(\$1,199)	\$28,731		
Male	25-44 years	outside	\$17,50	\$6,032	\$6,580	\$25,485		
Male	25-44 years	inside	\$13,08	\$25,888	(\$361)	\$82,038		
Male	45-64 years	outside	\$6,93	\$4,556	\$3,045	\$96,066		
Male	45-64 years	inside	\$2,19	\$2,626	(\$1,988)	\$7,240		
Male	65+ years	outside	(\$12,17)	\$0	\$0	\$0		
Male	65+ years	inside	(\$21,71)	\$0	\$0	\$0		
Total (all population groups)							(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.	
All				\$2,466,855	\$127,045	\$4,806,664		
Under 65 65 and Over				\$2,466,855	\$127,045	\$4,806,664		
Average (weighted by population)								
All			\$13.75					
Under 65 65 and Over			\$13.75					
NA			NA					

Mail Order Pharmacy Analysis

Case 3: Retirees and dependents under 65 only

1 of 3

Population Group		Beneficiary Population		Mail Service Usage and Cost				Net Prescription Costs				Alternate Channel				Channel Switching Behavior			
Gender	Age (Data sources listed under each heading)	A Potential Users (see note 1)	B Per Capita Utilization (Demo)	C 60-day Scripts (A x B)	D Average Cost/Script (Demo)	E Total Cost (C x D)	F MTF Cost/Script (see note 2)	G CHAMPUIS Cost/Script (see note 3)	H Pct From MTF (User Survey)	I Pct From CHAMPUIS (User Survey)	J Pct From Ghost (User Survey)	K 90 Pct CI (+/-) (see note 4)	L H Pct From MTF (User Survey)	M Pct From CHAMPUIS (User Survey)	N Pct From Ghost (User Survey)	O 90 Pct CI (+/-)			
Female	0-17 years	76,719	0.0612	4,695	\$33.92	\$159,279	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%							
Female	0-17 years	152,419	0.0200	3,055	\$79.26	\$242,166	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%							
Female	18-24 years	41,045	0.1227	5,035	\$28.37	\$142,374	\$39.59	\$57.36	14.0%	65.1%	20.9%	12.0%							
Female	18-24 years	84,483	0.0480	4,056	\$82.29	\$333,807	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%							
Female	25-44 years	82,251	0.4180	34,379	\$41.54	\$1,427,985	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%							
Female	25-44 years	158,632	0.1423	22,572	\$80.26	\$1,811,553	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%							
Female	45-64 years	317,751	1.2991	412,786	\$25.29	\$10,438,286	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%							
Female	45-64 years	464,804	0.3986	185,280	\$40.21	\$7,449,655	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%							
Female	65+ years	0	0.9203	0	\$23.39	\$0	\$49.65	\$35.9%											
Female	65+ years	0	0.0203	0	\$35.72	\$0	\$46.03	\$69.09	32.9%	4.0%	63.0%	3.8%							
Male	0-17 years	79,651	0.0725	5,771	\$40.83	\$235,615	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%							
Male	0-17 years	158,216	0.0291	4,692	\$97.86	\$450,332	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%							
Male	18-24 years	41,005	0.0487	1,998	\$35.60	\$71,142	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%							
Male	18-24 years	83,135	0.0290	2,412	\$69.00	\$166,394	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%							
Male	25-44 years	69,088	0.1909	13,187	\$46.64	\$615,115	\$66.95	\$86.30	14.0%	65.1%	20.9%	12.0%							
Male	25-44 years	117,491	0.0799	9,343	\$60.93	\$569,232	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%							
Male	45-64 years	395,596	0.8449	330,248	\$33.04	\$11,044,079	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%							
Male	45-64 years	537,056	0.3097	166,350	\$44.06	\$7,330,090	\$34.37	\$82.23	29.1%	37.0%	33.9%	4.7%							
Male	65+ years	0	0.4704	0	\$28.91	\$0	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%							
Male	65+ years	0	0.0165	0	\$42.24	\$0	\$52.55	\$79.36	32.9%	4.0%	\$63.0%	6.0%							
Total (all population groups)		All	2,859,342	-----	1,209,770	-----	\$42,487,105	-----	-----	-----	-----	-----							
Under 65 65 and Over		Under 65 65 and Over	2,859,342 0	-----	1,209,770 0	-----	\$42,487,105 \$0	-----	-----	-----	-----	-----							
Average (weighted by population)		All	-----	0.4231	-----	\$35.12	-----	\$46.26	\$67.90	20.4%	47.4%	32.2%	7.4%						
Under 65 65 and Over		Under 65 65 and Over	-----	0.4231 NA	-----	\$35.12 NA	-----	\$46.26 NA	\$67.90 NA	20.4%	47.4%	32.2%	7.4%	NA	NA	NA			

Population Group			Prescription Sources			Savings by Channel			Mail Costs by Source of New User		
Gender	Age	(Data sources listed under each heading)	L	M	N	O	P	Q	R	S	
		Catchment	Rxs From MTF (C x H)	Rxs From CHAMPU (C x I)	Rxs From Ghost (C x J)	From MTFs (F x L)	From CHAMPU (G x M)	From MTFs (D x L)	From CHAMPU (D x M)	From Ghost (D x N)	
Female	0-17 years	outside	655	3,057	983	\$28,979	\$202,560	\$22,225	\$103,716	\$33,337	
Female	0-17 years	inside	417	1,805	833	\$37,318	\$248,607	\$33,023	\$143,098	\$66,045	
Female	18-24 years	outside	703	3,278	1,054	\$27,109	\$188,041	\$19,866	\$92,709	\$29,799	
Female	18-24 years	inside	553	2,397	1,106	\$51,222	\$341,514	\$45,519	\$197,249	\$91,038	
Female	25-44 years	outside	4,797	22,386	7,196	\$248,711	\$1,751,749	\$199,254	\$929,851	\$298,881	
Female	25-44 years	inside	3,078	13,338	6,156	\$278,764	\$1,857,597	\$247,030	\$1,070,463	\$494,060	
Female	45-64 years	outside	71,223	206,776	134,787	\$2,535,347	\$10,885,383	\$1,801,040	\$5,228,826	\$3,408,420	
Female	45-64 years	inside	53,853	68,599	62,829	\$2,720,523	\$5,224,219	\$2,165,298	\$2,758,177	\$2,526,181	
Female	65+ years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	
Female	65+ years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	
Male	0-17 years	outside	805	3,758	1,208	\$41,179	\$289,858	\$32,876	\$153,423	\$49,315	
Male	0-17 years	inside	628	2,719	1,255	\$67,879	\$454,148	\$61,409	\$266,106	\$122,818	
Male	18-24 years	outside	279	1,301	418	\$12,801	\$89,649	\$9,927	\$46,325	\$14,890	
Male	18-24 years	inside	329	1,425	658	\$26,081	\$173,181	\$22,690	\$98,324	\$45,380	
Male	25-44 years	outside	1,840	8,587	2,760	\$104,802	\$741,072	\$85,930	\$400,540	\$128,745	
Male	25-44 years	inside	1,274	5,521	2,548	\$90,758	\$60,708	\$77,623	\$336,365	\$155,245	
Male	45-64 years	outside	57,672	167,434	109,142	\$2,500,161	\$10,860,346	\$1,905,565	\$5,532,285	\$3,606,230	
Male	45-64 years	inside	48,351	61,590	56,409	\$2,629,044	\$5,064,800	\$2,130,545	\$2,713,909	\$2,485,636	
Male	65+ years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	
Male	65+ years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	
Total (all population groups)											
All			246,456	573,972	389,342	\$11,400,678	\$38,973,431	\$8,859,719	\$20,071,365	\$13,556,021	
Under 65			246,456	573,972	389,342	\$11,400,678	\$38,973,431	\$8,859,719	\$20,071,365	\$13,556,021	
Average (weighted by population)											
All			-----	-----	-----	-----	-----	-----	-----	-----	
Under 65			-----	-----	-----	-----	-----	-----	-----	-----	
65 and Over			-----	-----	-----	-----	-----	-----	-----	-----	

Population Group		Net Savings				Notes
Gender	Age	Catchment (Data sources listed under each heading)	T Per Script (see note 5)	U Expected Total (O, P, Q, R, S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)
Female	0-17 years	outside	\$15.39	\$72,260	\$35,072	\$109,449
Female	0-17 years	inside	\$14.32	\$43,759	(\$5,535)	\$95,052
Female	18-24 years	outside	\$14.45	\$72,776	\$38,282	\$107,299
Female	18-24 years	inside	\$14.53	\$58,929	(\$11,534)	\$129,391
Female	25-44 years	outside	\$16.65	\$572,475	\$250,884	\$84,087
Female	25-44 years	inside	\$14.39	\$324,809	(\$58,459)	\$708,076
Female	45-64 years	outside	\$7.23	\$2,982,444	\$2,212,656	\$3,752,231
Female	45-64 years	inside	\$2.67	\$495,087	(\$164,153)	\$1,154,327
Female	65+ years	outside	(\$9.02)	\$0	\$0	\$0
Female	65+ years	inside	(\$17.76)	\$0	\$0	\$0
Male	0-17 years	outside	\$16.53	\$95,422	\$42,206	\$148,639
Male	0-17 years	inside	\$15.58	\$71,694	(\$22,007)	\$165,396
Male	18-24 years	outside	\$15.67	\$31,308	\$14,849	\$47,767
Male	18-24 years	inside	\$13.63	\$32,868	(\$2,864)	\$68,599
Male	25-44 years	outside	\$17.50	\$230,758	\$94,701	\$366,815
Male	25-44 years	inside	\$13.08	\$122,233	(\$1,707)	\$246,174
Male	45-64 years	outside	\$6.93	\$2,316,428	\$1,548,411	\$3,084,444
Male	45-64 years	inside	\$2.19	\$363,754	(\$275,369)	\$1,002,877
Male	65+ years	outside	(\$12.17)	\$0	\$0	\$0
Male	65+ years	inside	(\$21.71)	\$0	\$0	\$0
Total (all population groups)						
All			-----	\$7,887,003	\$3,693,383	\$12,080,624
Under 65 65 and Over			-----	\$7,887,003	\$3,693,383	\$12,080,624
Average (weighted by population)						
All			\$6.52	-----	-----	-----
Under 65 65 and Over			\$6.52 NA	-----	-----	-----

Population Group		Beneficiary Population		Mail Service Usage and Cost				Net Prescription Costs				Alternate Channel Costs				Channel Switching Behavior			
Gender	Age (Data sources listed under each heading)	A Potential Users (see note 1)	B Per Capita Utilization (Dem.)	C 60-day Scripts (A x B)	D Average Cost/Script (Dem.)	E Total Cost (C x D)	F MTF (see note 2)	G CHAMPUS Cost/Script (see note 3)	H Pct From MTF (User Survey)	I Pct From CHAMPUS (User Survey)	J Pct From Ghost (User Survey)	K 90 Pct CI (+/-) (see note 4)	L Pct From MTF (User Survey)	M Pct From CHAMPUS (User Survey)	N Pct From Ghost (User Survey)	O 90 Pct CI (+/-) (see note 4)			
Female	0-17 years outside	0	0.0612	0	\$33.92	\$0	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%							
Female	0-17 years inside	0	0.0200	0	\$79.26	\$0	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%							
Female	18-24 years outside	0	0.1227	0	\$28.28	\$0	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%							
Female	18-24 years inside	0	0.0480	0	\$82.29	\$0	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%							
Female	25-44 years outside	0	0.4180	0	\$41.54	\$0	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%							
Female	25-44 years inside	0	0.1423	0	\$80.26	\$0	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%							
Female	45-64 years outside	0	1.2991	0	\$25.29	\$0	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%							
Female	45-64 years inside	0	0.3986	0	\$40.21	\$0	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%							
Female	65+ years outside	147,540	0.9203	135,788	\$23.39	\$3,175,707	\$33.70	\$49.65	35.9%	4.5%	59.5%	3.8%							
Female	65+ years inside	0	0.0203	0	\$35.72	\$0	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%							
Male	0-17 years outside	0	0.0725	0	\$40.83	\$0	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%							
Male	0-17 years inside	0	0.0291	0	\$97.86	\$0	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%							
Male	18-24 years outside	0	0.0487	0	\$35.60	\$0	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%							
Male	18-24 years inside	0	0.0290	0	\$69.00	\$0	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%							
Male	25-44 years outside	0	0.1909	0	\$46.64	\$0	\$56.95	\$86.30	14.0%	65.1%	20.9%	12.0%							
Male	25-44 years inside	0	0.0795	0	\$60.93	\$0	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%							
Male	45-64 years outside	0	0.8449	0	\$33.04	\$0	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%							
Male	45-64 years inside	0	0.3097	0	\$44.06	\$0	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%							
Male	65+ years outside	303,964	0.4704	142,989	\$28.91	\$4,139,767	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%							
Male	65+ years inside	0	0.0165	0	\$42.24	\$0	\$52.55	\$79.36	32.9%	4.0%	63.0%	6.0%							
Total (all population groups)		All	451,504	278,777	-----	\$7,309,474	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----		
Under 65 and Over		Under 65	0	0	-----	\$0	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----		
Average (weighted by population)		All	-----	0.6174	-----	\$26.22	-----	\$36.53	\$54.11	35.9%	4.5%	59.5%	3.8%	-----	-----	-----	-----		
Under 65 and Over		Under 65	-----	NA	-----	NA	-----	NA	\$54.11	NA	NA	NA	NA	NA	NA	NA	NA		
		Under 65	0.6174	-----	\$26.22	-----	\$36.53	\$54.11	35.9%	4.5%	59.5%	3.8%	-----	-----	-----	-----	-----		

Population Group			Source of Prescriptions Switched						Savings by Channel						Mail Costs by Source of New User			
Gender	Age	(Data sources listed under each heading)	L	M	N	O	P	Q	R	S	From MTFs (C x H)	Rxs From CHAMPUS (C x I)	From MTFs (F x L)	From CHAMPUS (G x M)	From MTFs (D x L)	From CHAMPUS (D x M)	From Ghost (D x N)	
Female	0-17 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	0-17 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	18-24 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	18-24 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	25-44 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	25-44 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	45-64 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	45-64 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Female	65+ years	outside	48,790	6,172	80,826	\$1,644,075	\$306,442	\$1,141,055	\$1,141,055	\$1,141,055	\$1,141,055	\$0	\$0	\$0	\$0	\$0	\$0	
Female	65+ years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	0-17 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	0-17 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	18-24 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	18-24 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	25-44 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	25-44 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	45-64 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	\$0	\$0	\$0	
Male	45-64 years	inside	51,377	6,500	85,113	\$2,014,990	\$379,258	\$1,485,293	\$1,485,293	\$1,485,293	\$1,485,293	\$0	\$0	\$0	\$0	\$0	\$0	
Total (all population groups)			All	100,167	12,672	165,939	\$3,659,066	\$685,700	\$2,626,348	\$332,249	\$4,350,878							
Under 65			Under 65	0	0	0	\$3,659,066	\$685,700	\$2,626,348	\$332,249	\$4,350,878							
65 and Over			65 and Over	100,167	12,672	165,939												
Average (weighted by population)			All	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Under 65			Under 65	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
65 and Over			65 and Over	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

Population Group			Net Savings				Notes	
Gender	Age	(Data sources listed under each heading)	T Per Script (see note 5)	U Expected Total (O+P+Q+R+S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	outside	\$15.39	\$0	\$0	\$0	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	inside	\$14.32	\$0	\$0	\$0		
Female	18-24 years	outside	\$14.45	\$0	\$0	\$0		
Female	18-24 years	inside	\$14.53	\$0	\$0	\$0		
Female	25-44 years	outside	\$16.65	\$0	\$0	\$0		
Female	25-44 years	inside	\$14.39	\$0	\$0	\$0	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).	
Female	45-64 years	outside	\$7.23	\$0	\$0	\$0		
Female	45-64 years	inside	\$2.67	\$0	\$0	\$0		
Female	65+ years	outside	(\$9.02)	(\$1,225,190)	(\$1,478,424)	(\$971,956)		
Female	65+ years	inside	(\$17.76)	\$0	\$0	\$0		
Male	0-17 years	outside	\$16.53	\$0	\$0	\$0	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee. Price reflects 60-day supply (two 30-day issues).	
Male	0-17 years	inside	\$15.58	\$0	\$0	\$0		
Male	18-24 years	outside	\$15.67	\$0	\$0	\$0		
Male	18-24 years	inside	\$13.63	\$0	\$0	\$0		
Male	25-44 years	outside	\$17.50	\$0	\$0	\$0		
Male	25-44 years	inside	\$13.08	\$0	\$0	\$0	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.	
Male	45-64 years	outside	\$6.93	\$0	\$0	\$0		
Male	45-64 years	inside	\$2.19	\$0	\$0	\$0		
Male	65+ years	outside	(\$12.17)	(\$1,739,519)	(\$2,052,926)	(\$1,426,112)		
Male	65+ years	inside	(\$21.71)	\$0	\$0	\$0		
Total (all population groups)							(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.	
All			-----	(\$2,964,709)	(\$3,531,350)	(\$2,398,068)		
Under 65			-----	(\$2,964,709)	(\$3,531,350)	(\$2,398,068)		
65 and Over			-----	-----	-----	-----		
Average (weighted by population)								
All			(\$10.63)	-----	-----	-----		
Under 65			NA	-----	-----	-----		
65 and Over			(\$10.63)	-----	-----	-----		

Population Group		Beneficiary Population		Mail Service Usage and Cost			Alternate Channel Costs			Net Prescription Costs			Channel Switching Behavior										
Gender	Age	A	Potential Users (see note 1)	B	Per Capita Utilization (Demo)	C	60-day Scripts (A x B)	D	Average Cost/Script (Demo)	E	Total Cost (C x D)	F	MTF Cost/Script (see note 2)	G	CHAMPUS Cost/Script (see note 3)	H	Pct From MTF (User Survey)	I	Pct From CHAMPUS (User Survey)	J	Pct From Ghost (User Survey)	K	90 Pct CI (+/-) (see note 4)
Female	0-17 years	outside	0	0.0612	0	\$33.92	\$0	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	0-17 years	inside	0	0.0200	0	\$79.26	\$0	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.0%	
Female	18-24 years	outside	0	0.1227	0	\$28.28	\$0	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	18-24 years	inside	0	0.0480	0	\$62.29	\$0	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.0%	12.0%	
Female	25-44 years	outside	0	0.4180	0	\$41.54	\$0	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	25-44 years	inside	0	0.1423	0	\$80.26	\$0	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.0%	12.0%	
Female	45-64 years	outside	0	1.2991	0	\$25.29	\$0	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Female	45-64 years	inside	0	0.3986	0	\$40.21	\$0	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	
Female	65+ years	outside	0	0.9203	0	\$23.39	\$0	\$33.70	\$49.65	35.9%	4.5%	59.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Female	65+ years	inside	199,770	0.0203	4,054	\$35.72	\$144,805	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Male	0-17 years	outside	0	0.0725	0	\$40.83	\$0	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	0-17 years	inside	0	0.0291	0	\$97.86	\$0	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Male	18-24 years	outside	0	0.0487	0	\$35.60	\$0	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	18-24 years	inside	0	0.0290	0	\$69.00	\$0	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.0%	12.0%	
Male	25-44 years	outside	0	0.1999	0	\$46.64	\$0	\$56.95	\$86.30	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	25-44 years	inside	0	0.0795	0	\$60.93	\$0	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.0%	12.0%	
Male	45-64 years	outside	0	0.8449	0	\$33.04	\$0	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Male	45-64 years	inside	0	0.3097	0	\$44.06	\$0	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	
Male	65+ years	outside	0	0.4704	0	\$28.91	\$0	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Male	65+ years	inside	316,439	0.0165	5,209	\$42.24	\$220,023	\$52.55	\$79.36	32.9%	4.0%	\$63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Total (all population groups)												All	516,209	-----	9,233	-----	\$364,827	-----	-----	-----	-----	-----	-----
Under 65 65 and Over												0	516,209	-----	9,233	-----	\$364,827	-----	-----	-----	-----	-----	-----
Average (weighted by population)												All	-----	0.0179	-----	\$39.39	-----	\$49.70	\$74.86	32.9%	4.0%	63.0%	6.0%
Under 65 65 and Over												NA	-----	NA	-----	\$49.70	\$74.86	0.0%	6.3%	100.0%	NA	6.0%	
												0.0179	-----	NA	-----	\$39.39	-----	-----	-----	-----	-----	-----	-----

Population Group	Gender	Age	Prescriptions Switched				Savings by Channel				Mail Costs by Source of New User			
			L Rxs From MTF (C x H)	M Rxs From CHAMPUS (C x I)	N Rxs From Ghost (C x J)	O From MTFs (F x L)	P From CHAMPUS (G x M)	Q From MTFs (D x L)	R From CHAMPUS (D x M)	S From Ghost (D x N)				
Female	0-17 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	0-17 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	18-24 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	18-24 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	25-44 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	25-44 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	45-64 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	45-64 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	65+ years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Female	65+ years	inside	1,336	164	2,554	\$61,480	\$11,332	\$47,710	\$5,859	\$91,235				
Male	0-17 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	0-17 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	18-24 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	18-24 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	25-44 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	25-44 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	45-64 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	45-64 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	65+ years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Male	65+ years	inside	1,716	211	3,282	\$90,187	\$16,726	\$72,493	\$8,903	\$138,627				
Total (all population groups)			All	3,052	375	5,836	\$151,667	\$28,058	\$120,203	\$14,762	\$229,862			
			Under 65	0	0	0	\$0	\$0	(\$0)	\$0	\$0			
			65 and Over	3,052	375	5,836	\$151,667	\$28,058	\$120,203	\$14,762	\$229,862			
Average (weighted by population)			All	-----	-----	-----	-----	-----	-----	-----	-----			
			Under 65	-----	-----	-----	-----	-----	-----	-----	-----			
			65 and Over	-----	-----	-----	-----	-----	-----	-----	-----			

Population Group			Net Savings				Notes	
Gender	Age	Catchment	T Per Script (see note 5)	U Expected Total (O+P+Q+R+S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	outside	\$15.39	\$0	\$0	\$0	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all Medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	inside	\$14.32	\$0	\$0	\$0		
Female	18-24 years	outside	\$14.45	\$0	\$0	\$0		
Female	18-24 years	inside	\$14.53	\$0	\$0	\$0		
Female	25-44 years	outside	\$16.65	\$0	\$0	\$0		
Female	25-44 years	inside	\$14.39	\$0	\$0	\$0		
Female	45-64 years	outside	\$7.23	\$0	\$0	\$0		
Female	45-64 years	inside	\$2.67	\$0	\$0	\$0		
Female	65+ years	outside	(\$9.02)	\$0	\$0	\$0		
Female	65+ years	inside	(\$17.76)	(\$71,993)	(\$88,901)	(\$55,084)		
Male	0-17 years	outside	\$16.53	\$0	\$0	\$0	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee.	
Male	0-17 years	inside	\$15.58	\$0	\$0	\$0	Price reflects 60-day supply (two 30-day issues).	
Male	18-24 years	outside	\$15.67	\$0	\$0	\$0		
Male	18-24 years	inside	\$13.63	\$0	\$0	\$0		
Male	25-44 years	outside	\$17.50	\$0	\$0	\$0	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.	
Male	25-44 years	inside	\$13.08	\$0	\$0	\$0		
Male	45-64 years	outside	\$6.93	\$0	\$0	\$0		
Male	45-64 years	inside	\$2.19	\$0	\$0	\$0		
Male	65+ years	outside	(\$12.17)	\$0	\$0	\$0		
Male	65+ years	inside	(\$21.71)	(\$113,109)	(\$138,067)	(\$88,152)	(5) Column T is weighted average savings per mail order prescription.	
Total (all population groups)							It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.	
All				(\$185,102)	(\$226,968)	(\$143,236)		
Under 65				(\$185,102)	(\$226,968)	(\$143,236)		
Average (weighted by population)								
All				(\$19.98)	-----	-----		
Under 65				(\$32.00)	-----	-----		
65 and Over				(\$19.98)	-----	-----		

Population Group		Beneficiary Population		Mail Service Usage and Cost				Net Prescription Costs				Alternate Channel			
Gender	Age (Data sources listed under each heading)	A Potential Users (see note 1)	B Per Capita Utilization (Demo)	C 60-day Scripts (A x B)	D Average Cost/Script (Demo)	E Total Cost (C x D)	F MTF Cost/Script (see note 2)	G CHAMPUS Cost/Script (see note 3)	H Pct From MTF (User Survey)	I Pct From CHAMPUS (User Survey)	J Pct From Ghost (User Survey)	K 90 Pct CI (see note 4)	L Pct From CHAMPUS (User Survey)	M Pct From Ghost (User Survey)	N 90 Pct CI (+/-)
Female	0-17 years	181,346	0.0612	11,098	\$41.59	\$461,622	\$66.25	\$66.25	14.0%	65.1%	20.9%	12.0%	12.0%	27.3%	12.2%
Female	0-17 years	669,545	0.0200	13,421	\$86.93	\$1,166,724	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%	12.2%	20.9%	12.0%
Female	18-24 years	75,239	0.1227	9,229	\$25.95	\$231,771	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%	12.0%	27.3%	12.2%
Female	18-24 years	266,484	0.0480	12,795	\$89.96	\$1,151,062	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%	12.2%	20.9%	12.0%
Female	25-44 years	162,725	0.4180	68,015	\$49.21	\$3,346,795	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%	12.0%	27.3%	12.2%
Female	25-44 years	617,634	0.1423	87,885	\$87.93	\$7,727,360	\$80.57	\$139.27	13.6%	59.1%	27.3%	12.2%	12.2%	32.7%	3.5%
Female	45-64 years	323,809	1.2991	420,656	\$32.96	\$13,863,722	\$55.60	\$52.64	17.3%	50.1%	37.0%	33.9%	33.9%	4.7%	4.7%
Female	45-64 years	498,297	0.3986	198,631	\$47.88	\$9,509,967	\$80.52	\$76.16	29.1%	37.0%	29.1%	33.9%	33.9%	4.5%	3.8%
Female	65+ years	147,540	0.9203	135,788	\$31.06	\$4,217,200	\$33.70	\$49.65	35.9%	32.9%	4.0%	63.0%	63.0%	6.0%	6.0%
Female	65+ years	199,770	0.0203	4,054	\$43.39	\$175,896	\$46.03	\$69.09	14.0%	65.1%	20.9%	12.0%	12.0%	27.3%	12.2%
Male	0-17 years	187,122	0.0725	13,558	\$48.50	\$657,514	\$51.14	\$77.13	13.6%	59.1%	27.3%	12.2%	12.2%	32.7%	3.5%
Male	0-17 years	693,888	0.0291	20,182	\$105.53	\$2,129,849	\$108.17	\$167.01	14.0%	65.1%	20.9%	12.0%	12.0%	27.3%	12.2%
Male	18-24 years	48,181	0.0487	2,348	\$43.27	\$101,599	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%	12.0%	32.7%	3.5%
Male	18-24 years	117,954	0.0290	3,422	\$76.67	\$262,329	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%	12.2%	32.7%	3.5%
Male	25-44 years	73,888	0.1909	14,104	\$54.31	\$766,026	\$86.95	\$86.30	14.0%	65.1%	20.9%	12.0%	12.0%	27.3%	12.2%
Male	25-44 years	142,327	0.0795	11,318	\$68.70	\$776,366	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%	12.2%	32.7%	3.5%
Male	45-64 years	396,374	0.8449	334,906	\$40.71	\$13,634,526	\$43.35	\$64.86	17.3%	50.1%	37.0%	33.9%	33.9%	4.5%	3.8%
Male	45-64 years	540,983	0.3097	167,551	\$51.73	\$8,668,125	\$54.37	\$82.23	29.1%	37.0%	35.9%	33.9%	33.9%	4.5%	3.8%
Male	65+ years	303,964	0.4704	142,989	\$36.58	\$5,230,493	\$59.22	\$58.35	32.9%	4.0%	63.0%	63.0%	63.0%	4.0%	6.0%
Male	65+ years	316,439	0.0165	5,209	\$49.91	\$259,975	\$32.55	\$79.36	32.9%	4.0%	63.0%	63.0%	63.0%	4.0%	6.0%
Total (all population groups)		All	5,963,469	-----	1,677,157	-----	\$74,438,923	-----	-----	-----	-----	-----	-----	-----	-----
Average (weighted by population)		All	4,995,756	-----	1,389,118	-----	\$64,555,359	-----	-----	-----	-----	-----	-----	-----	-----
Under 65 and Over		Under 65 and Over	967,713	-----	288,039	-----	\$9,883,564	-----	-----	-----	-----	-----	-----	-----	-----
		All	-----	0.2812	-----	\$44.38	-----	\$45.52	\$74.58	22.5%	41.3%	36.3%	36.3%	36.3%	8.6%
		Under 65 and Over	-----	0.2781	-----	\$46.47	-----	\$48.76	\$74.96	19.7%	48.9%	31.4%	31.4%	31.4%	9.3%
		Under 65 and Over	-----	0.2976	-----	\$34.31	-----	\$36.92	\$54.71	35.8%	4.5%	59.6%	59.6%	59.6%	5.0%

Population Group		Prescription Switched						Savings by Channel						Mail Costs by Source of New User					
		L	M	N	O	P	Q	From MTF (C x H)	Rxs From CHAMPUS (C x I)	From MTFs (F x L)	From CHAMPUS (G x M)	From MTFs (D x L)	From CHAMPUS (D x M)	From Ghost (D x N)					
Gender	Age	Catchment	Rxs From MTF (C x H)	Rxs From CHAMPUS (C x I)	Rxs From Ghost (C x J)	Rxs From MTFs (F x L)	Rxs From CHAMPUS (G x M)												
Female	0-17 years	outside	1,549	7,227	2,323	\$68,501	\$478,804												
Female	0-17 years	inside	1,830	7,930	3,660	\$163,930	\$1,092,079	\$159,099	\$689,428	\$216,037	\$300,591	\$96,619	\$318,198						
Female	18-24 years	outside	1,288	6,010	1,932	\$49,693	\$344,695	\$46,294	\$680,173	\$156,963	\$466,995	\$69,440	\$313,926						
Female	18-24 years	inside	1,745	7,561	3,490	\$161,569	\$1,077,233	\$1,077,233	\$492,050	\$3,465,652	\$1,053,731	\$4,566,167	\$2,107,462						
Female	25-44 years	outside	9,490	44,289	14,236														
Female	25-44 years	inside	11,984	51,932	23,969	\$1,085,369	\$7,232,558	\$2,583,684	\$11,092,915	\$2,392,071	\$6,944,722	\$4,526,930	\$3,224,833						
Female	45-64 years	outside	72,581	210,718	137,357														
Female	45-64 years	inside	57,734	72,542	67,356	\$2,916,559	\$5,600,668	\$2,764,143	\$3,520,991	\$1,515,271	\$191,691	\$2,510,238							
Female	65+ years	outside	48,790	6,172	80,826	\$1,644,075	\$306,442	\$1,135,322	\$61,480	\$11,352	\$57,954	\$7,117	\$110,825						
Female	65+ years	inside	1,336	164	2,554														
Male	0-17 years	outside	1,892	8,829	2,898	\$96,741	\$680,955	\$91,746	\$680,955	\$91,746	\$428,149	\$137,619	\$580,868						
Male	0-17 years	inside	2,752	11,926	5,504	\$297,700	\$1,991,787	\$290,434	\$1,258,547	\$14,177	\$66,158	\$21,265							
Male	18-24 years	outside	328	1,529	491	\$15,042	\$105,337	\$37,004	\$245,714	\$35,772	\$155,013	\$71,544							
Male	18-24 years	inside	467	2,022	933														
Male	25-44 years	outside	1,968	9,184	2,952	\$112,083	\$792,559	\$106,887	\$498,808	\$160,331	\$458,762	\$211,736							
Male	25-44 years	inside	1,543	6,688	3,087	\$109,942	\$727,690	\$105,868	\$458,762	\$2,352,525	\$6,329,911	\$4,452,090							
Male	45-64 years	outside	57,785	167,764	109,357	\$2,505,078	\$10,881,704	\$2,519,455	\$3,209,306	\$1,879,355	\$237,750	\$3,113,389	\$163,799						
Male	45-64 years	inside	48,700	62,036	56,817	\$2,648,023	\$5,101,363	\$379,258	\$90,187	\$16,726	\$85,656	\$10,519							
Total (all population groups)																			
All		376,853	692,229	608,075	\$17,153,700	\$51,625,472	\$16,158,807												
Under 65		273,635	679,183	436,300	\$13,342,967	\$50,911,714	\$12,620,571												
65 and Over		103,218	13,046	171,775	\$3,810,733	\$713,758	\$3,538,236												
Average (weighted by population)																			
All																			
Under 65																			
65 and Over																			

Population Group		Net Savings					Notes
Gender	Age (Data sources listed under each heading)	T Per Script (see note 5)	U Expected Total (O, P, Q, R, S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	\$7.72	\$85,683	(\$2,223)	\$173,588	(1)	The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.
Female	0-17 years	\$6.65	\$89,285	(\$136,037)	\$314,608		
Female	18-24 years	\$6.78	\$62,617	(\$667)	\$125,901		
Female	18-24 years	\$6.86	\$87,741	(\$134,519)	\$310,000		
Female	25-44 years	\$8.98	\$610,907	(\$25,368)	\$1,247,181		
Female	25-44 years	\$6.72	\$550,568	(\$901,685)	\$2,082,821		
Female	45-64 years	\$0.44	(\$87,123)	(\$971,587)	\$597,340	(2)	MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).
Female	45-64 years	(\$5.00)	(\$982,739)	(\$1,699,483)	(\$285,996)		
Female	65+ years	(\$16.69)	(\$2,256,683)	(\$2,013,449)			
Female	65+ years	(\$25.43)	(\$103,084)	(\$2,519,917)	(\$86,176)	(3)	CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee. Price reflects 60-day supply (two 30-day issues).
Male	0-17 years	\$8.86	\$120,181	(\$4,838)	\$245,201		
Male	0-17 years	\$7.91	\$59,637	(\$251,317)	\$570,591		
Male	18-24 years	\$8.00	\$18,780	(\$560)	\$38,119		
Male	18-24 years	\$5.96	\$20,389	(\$30,308)	\$71,086		
Male	25-44 years	\$9.83	\$138,615	(\$6,894)	\$284,125	(4)	Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.
Male	25-44 years	\$5.41	\$61,266	(\$88,874)	\$211,406		
Male	45-64 years	(\$0.74)	(\$247,744)	(\$1,017,272)	\$521,783		
Male	45-64 years	(\$5.48)	(\$918,739)	(\$1,562,476)	\$275,002		
Male	65+ years	(\$19.84)	(\$2,836,245)	(\$3,149,652)	\$2,522,838		
Male	65+ years	(\$29.38)	(\$153,061)	(\$178,019)	(\$128,104)		
Total (all population groups)							
All		.....	(\$5,659,751)	(\$12,801,688)	\$1,482,186		
Under 65	65 and Over	.....	(\$300,677) (\$5,355,074)	(\$6,834,107) (\$5,967,581)	\$6,232,753 (\$4,750,566)		
Average (weighted by population)							
All		(\$3.37)	.....	.....	.....
Under 65	65 and Over	(\$0.22) (\$18.61)	.....	.....	.....

Population Group			Beneficiary Population			Mail Service Usage and Cost			Alternate Channel Costs			Net Prescription Costs			Channel Switching Behavior		
Gender	Age	(Data sources listed under each heading)	A Potential Users (see note 1)	B Per Capita Utilization (Demo)	C 60-day Scripts (A x B)	D Average Cost/Script (Demo)	E Total Cost (C x D)	F MTF Cost/Script (see note 2)	G CHAMPUS Cost/Script (see note 3)	H Pct From MTF (User Survey)	I Pct From CHAMPUS (User Survey)	J Pct From Ghost (User Survey)	K 90 Pct CI (+/-) (see note 4)				
Female	0-17 years	outside	181,346	0.0612	11,098	\$46.00	\$510,497	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%				
Female	0-17 years	inside	669,545	0.0200	13,421	\$105.66	\$1,417,986	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%				
Female	18-24 years	outside	75,239	0.1227	9,229	\$38.57	\$35,962	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%				
Female	18-24 years	inside	266,484	0.0480	12,795	\$109.64	\$1,402,840	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%				
Female	25-44 years	outside	162,725	0.4180	68,015	\$56.01	\$3,809,835	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%				
Female	25-44 years	inside	617,634	0.1423	87,885	\$106.96	\$9,400,254	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%				
Female	45-64 years	outside	323,809	1.2991	420,656	\$34.63	\$14,568,974	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%				
Female	45-64 years	inside	498,297	0.3986	198,631	\$54.27	\$10,778,854	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%				
Female	65+ years	outside	147,540	0.9203	135,788	\$32.13	\$4,363,377	\$33.70	\$49.65	35.9%	4.5%	59.5%	3.8%				
Female	65+ years	inside	199,770	0.0203	4,054	\$48.36	\$196,050	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%				
Male	0-17 years	outside	187,122	0.0725	13,558	\$55.08	\$746,773	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%				
Male	0-17 years	inside	693,898	0.0291	20,182	\$130.13	\$2,626,221	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%				
Male	18-24 years	outside	48,181	0.0487	2,348	\$48.21	\$113,185	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%				
Male	18-24 years	inside	117,954	0.0290	3,422	\$92.15	\$315,294	\$121.52	\$121.52	13.6%	59.1%	27.3%	12.2%				
Male	25-44 years	outside	73,888	0.1909	14,104	\$62.73	\$884,789	\$56.95	\$86.30	14.0%	65.1%	20.9%	12.0%				
Male	25-44 years	inside	142,327	0.0795	11,318	\$81.53	\$922,720	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%				
Male	45-64 years	outside	396,374	0.8449	334,906	\$44.84	\$15,016,086	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%				
Male	45-64 years	inside	540,933	0.3097	167,551	\$59.34	\$9,942,528	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%				
Male	65+ years	outside	303,964	0.4704	142,989	\$39.40	\$5,633,783	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%				
Male	65+ years	inside	316,439	0.0165	5,209	\$56.94	\$296,593	\$52.55	\$79.36	32.9%	4.0%	\$3.0%	6.0%				
Total (all population groups)			All	5,963,469	-----	1,677,157	-----	\$83,302,601	-----	-----	-----	-----	-----				
			Under 65	4,995,756	-----	1,389,118	-----	\$72,812,799	-----	-----	-----	-----	-----				
			65 and Over	967,713	-----	288,039	-----	\$10,489,802	-----	-----	-----	-----	-----				
Average (weighted by population)			All	-----	-----	0.2812	-----	\$49.67	-----	\$45.52	\$74.58	22.5%	41.3%				
			Under 65	-----	-----	0.2781	-----	\$62.42	-----	\$48.76	\$74.96	19.7%	48.9%				
			65 and Over	-----	-----	0.2976	-----	\$36.42	-----	\$36.92	\$54.71	35.8%	4.5%				

Population Group	Prescription Sources				Savings by Channel				Mail Costs by Source of New User			
	Prescription Switched				From CHAMPU\$				From CHAMPU\$			
	L	M	N	O	P	Q	R	S	From MTF	From MTFs	From CHAMPU\$	From Ghost
Gender	Rxs From MTF (C x H)	Rxs From CHAMPU\$ (C x I)	Rxs From Ghost (C x J)	Rxs From CHAMPU\$ (F x L)	Rxs From CHAMPU\$ (G x M)	Rxs From CHAMPU\$ (D x L)	Rxs From CHAMPU\$ (D x M)	Rxs From CHAMPU\$ (D x N)				
Female	0-17 years	outside	1,549	7,227	2,323	\$68,501	\$478,804	\$71,232	\$332,417	\$106,848		
Female	0-17 years	inside	1,830	7,930	3,660	\$163,930	\$1,092,079	\$193,362	\$837,901	\$386,723		
Female	18-24 years	outside	1,288	6,010	1,932	\$49,693	\$344,695	\$49,669	\$231,789	\$74,504		
Female	18-24 years	inside	1,745	7,561	3,490	\$161,569	\$1,077,233	\$191,296	\$828,951	\$382,593		
Female	25-44 years	outside	9,490	44,289	14,236	\$492,050	\$3,465,652	\$531,605	\$2,480,822	\$797,407		
Female	25-44 years	inside	11,984	51,932	23,969	\$1,085,369	\$7,232,558	\$1,281,853	\$5,554,695	\$2,563,706		
Female	45-64 years	outside	72,581	210,718	137,357	\$2,583,684	\$11,092,915	\$2,513,756	\$7,298,002	\$4,757,216		
Female	45-64 years	inside	57,734	73,542	67,356	\$2,916,559	\$5,600,668	\$3,132,954	\$3,655,113	\$3,655,113		
Female	65+ years	outside	48,790	6,172	80,826	\$1,644,075	\$306,442	\$1,567,793	\$198,335	\$2,597,248		
Female	65+ years	inside	1,336	164	2,554	\$61,480	\$11,332	\$64,594	\$7,933	\$123,523		
Male	0-17 years	outside	1,892	8,829	2,838	\$96,741	\$680,955	\$104,201	\$486,271	\$156,301		
Male	0-17 years	inside	2,752	11,926	5,504	\$297,700	\$1,991,787	\$358,121	\$1,551,858	\$716,242		
Male	18-24 years	outside	328	1,529	491	\$15,042	\$105,337	\$15,793	\$73,702	\$23,690		
Male	18-24 years	inside	467	2,022	933	\$37,004	\$245,714	\$42,995	\$86,310	\$85,989		
Male	25-44 years	outside	1,968	9,184	2,952	\$112,083	\$792,559	\$125,459	\$576,142	\$185,188		
Male	25-44 years	inside	1,543	6,688	3,087	\$109,942	\$727,640	\$125,825	\$545,244	\$251,651		
Male	45-64 years	outside	57,785	167,764	109,357	\$2,505,078	\$10,881,704	\$2,590,902	\$7,521,973	\$4,903,212		
Male	45-64 years	inside	48,700	62,035	56,817	\$2,648,023	\$5,101,363	\$2,889,870	\$3,681,144	\$3,371,515		
Male	65+ years	outside	51,377	6,500	85,113	\$2,014,990	\$379,258	\$2,024,260	\$2,024,260	\$3,353,442		
Male	65+ years	inside	1,716	211	3,282	\$90,187	\$16,726	\$97,721	\$12,001	\$186,871		
Total (all population groups)												
All	376,853	692,229	608,075	\$17,153,700	\$51,625,472	\$17,971,262	\$36,652,357	\$28,678,982				
Under 65	273,635	679,183	436,300	\$13,342,967	\$50,911,714	\$14,216,893	\$36,178,007	\$22,417,899				
Average (weighted by population)												
All	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Under 65	103,218	13,046	171,775	\$3,810,733	\$713,758	\$3,754,369	\$474,350	\$6,261,084	-----	-----	-----	-----

Population Group			Net Savings				Notes	
Gender	Age	Catchment (Data sources listed under each heading)	T Per Script (see note 5)	U Expected Total (O+P+Q+R+S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	outside	\$3.32	\$36,807	(\$51,098)	\$124,713	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	inside	(\$12.07)	(\$161,976)	(\$387,299)	\$63,346		
Female	18-24 years	outside	\$4.16	\$38,427	(\$24,857)	\$101,711		
Female	18-24 years	inside	(\$12.82)	(\$164,038)	(\$386,297)	\$58,222		
Female	25-44 years	outside	\$2.17	\$147,867	(\$488,407)	\$784,142		
Female	25-44 years	inside	(\$12.32)	(\$1,082,326)	(\$2,574,579)	\$409,927		
Female	45-64 years	outside	\$2.12	(\$892,375)	(\$1,676,839)	(\$7,912)	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).	
Female	45-64 years	inside	(\$11.39)	(\$2,261,627)	(\$2,968,370)	(\$1,554,883)		
Female	65+ years	outside	(\$17.77)	(\$2,412,860)	(\$2,666,094)	(\$2,159,625)		
Female	65+ years	inside	(\$30.40)	(\$129,238)	(\$140,146)	(\$6,329)	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee.	
Male	0-17 years	outside	\$2.28	\$30,923	(\$94,097)	\$155,942		
Male	0-17 years	inside	(\$16.68)	(\$336,735)	(\$747,689)	\$74,219		
Male	18-24 years	outside	\$3.06	\$7,194	(\$12,145)	\$26,533		
Male	18-24 years	inside	(\$9.52)	(\$32,577)	(\$83,273)	\$18,120		
Male	25-44 years	outside	\$1.41	\$19,852	(\$125,657)	\$165,362	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.	
Male	25-44 years	inside	(\$7.52)	(\$85,088)	(\$235,228)	\$65,052		
Male	45-64 years	outside	\$4.86	(\$1,629,304)	(\$2,398,831)	(\$859,777)		
Male	45-64 years	inside	(\$13.09)	(\$2,133,142)	(\$2,836,879)	(\$1,549,405)		
Male	65+ years	outside	(\$22.66)	(\$3,239,535)	(\$3,552,942)	(\$2,926,128)		
Male	65+ years	inside	(\$36.41)	(\$189,680)	(\$214,637)	(\$164,722)		
Total (all population groups)							(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.	
All			-----	(\$14,523,429)	(\$21,665,366)	(\$7,381,492)		
Under 65			-----	(\$8,558,117)	(\$15,091,547)	(\$2,024,688)		
65 and Over			-----	(\$5,965,312)	(\$6,573,819)	(\$5,356,804)		
Average (weighted by population)								
All			(\$8.66)	-----	-----	-----		
Under 65			(\$6.16)	-----	-----	-----		
65 and Over			(\$20.71)	-----	-----	-----		

Population Group			Beneficiary Population			Mail Service Usage and Cost			Net Prescription Costs			Alternate Channel Costs			Channel Switching Behavior		
Gender	Age	(Data sources listed under each heading)	A Potential Users (see note 1)	B Per Capita Utilization (Demo)	C 60-day Scripts (A x B)	D Average Cost/Script (Demo)	E Total Cost (C x D)	F MTF Cost/Script (see note 3)	G CHAMPUS Cost/Script (see note 2)	H Pct From MTF (User Survey)	I Pct From CHAMPUS (User Survey)	J Pct From Ghost (User Survey)	K 90 Pct CI (+/-) (see note 4)				
Female	0-17 years	outside	181,346	0.0765	13,873	\$33.92	\$470,622	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%				
Female	0-17 years	inside	669,545	0.0251	16,776	\$79.26	\$1,329,733	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%				
Female	18-24 years	outside	75,239	0.1533	11,536	\$28.28	\$326,230	\$58.59	\$57.36	14.0%	65.1%	20.9%	12.0%				
Female	18-24 years	inside	266,484	0.0600	15,994	\$82.29	\$1,316,154	\$92.60	\$112.48	13.6%	59.1%	27.3%	12.2%				
Female	25-44 years	outside	162,725	0.5225	85,019	\$41.54	\$3,531,399	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%				
Female	25-44 years	inside	617,634	0.1779	109,856	\$80.26	\$8,816,606	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%				
Female	45-64 years	outside	323,809	1.6239	525,819	\$25.29	\$13,296,618	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%				
Female	45-64 years	inside	498,297	0.4983	248,289	\$40.21	\$9,983,081	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%				
Female	65+ years	outside	147,540	1.1504	169,735	\$23.39	\$3,969,634	\$33.70	\$49.65	35.9%	4.5%	59.5%	3.8%				
Female	65+ years	inside	199,770	0.0254	5,087	\$35.72	\$181,006	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%				
Male	0-17 years	outside	187,122	0.0906	16,948	\$40.83	\$691,904	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%				
Male	0-17 years	inside	693,898	0.0364	25,228	\$97.86	\$2,468,815	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%				
Male	18-24 years	outside	48,181	0.0609	2,935	\$35.60	\$104,490	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%				
Male	18-24 years	inside	117,954	0.0363	4,277	\$69.00	\$295,105	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%				
Male	25-44 years	outside	73,888	0.2386	17,630	\$46.64	\$822,314	\$86.95	\$86.30	14.0%	65.1%	20.9%	12.0%				
Male	25-44 years	inside	142,327	0.0994	14,147	\$60.93	\$861,951	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%				
Male	45-64 years	outside	396,374	1.0562	418,632	\$33.04	\$13,832,249	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%				
Male	45-64 years	inside	540,933	0.3872	209,439	\$44.06	\$9,228,758	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%				
Male	65+ years	outside	303,964	0.5880	178,736	\$28.91	\$5,167,209	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%				
Male	65+ years	inside	316,439	0.0206	6,511	\$42.24	\$275,028	\$52.55	\$79.36	32.9%	4.0%	63.0%	6.0%				
Total (all population groups)			All	5,963,469	-----	2,096,447	-----	\$76,968,906	-----	-----	-----	-----	-----				
Average (weighted by population)			Under 65	4,995,756	-----	1,736,398	-----	\$67,376,029	-----	-----	-----	-----	-----				
			65 and Over	967,713	-----	360,049	-----	\$9,592,877	-----	-----	-----	-----	-----				
			All	-----	0.3515	-----	\$36.71	-----	\$45.52	\$74.58	22.5%	41.3%	36.3%	8.6%			
			Under 65	0.3476	-----	\$38.80	-----	\$48.76	\$74.96	19.7%	48.9%	31.4%	9.3%				
			65 and Over	0.3721	-----	\$26.64	-----	\$36.92	\$54.71	35.8%	4.5%	59.6%	5.0%				

Mail Order Pharmacy Analysis

Case 8: Mail usage 25 percent higher

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Population Group		Prescriptions Switched				Savings by Channel				Mail Costs by Source of New User			
		L	M	N	O	P	Q	R	S	From MTFs (0 x L)	From CHAMPUUS (0 x M)	From CHAMPUUS (0 x N)	
Gender	Age	Rxs From MTF (C x H)	Rxs From CHAMPUUS (C x I)	Rxs From Ghost (C x J)	From MTFs (F x L)	From CHAMPUUS (G x M)	From MTFs (0 x L)	From CHAMPUUS (0 x M)	From CHAMPUUS (0 x N)				
Female	0-17 years	1,936	9,034	2,904	\$95,626	\$598,505	\$65,668	\$306,452	\$98,502				
Female	0-17 years	2,288	9,913	4,575	\$204,913	\$1,365,099	\$181,327	\$785,751	\$362,654				
Female	18-24 years	1,610	7,512	2,415	\$62,117	\$430,869	\$45,520	\$212,429	\$68,281				
Female	18-24 years	2,181	9,451	4,362	\$201,962	\$1,346,541	\$179,476	\$777,727	\$358,951				
Female	25-44 years	11,863	55,361	17,795	\$615,062	\$4,332,066	\$492,753	\$2,299,516	\$739,130				
Female	25-44 years	14,980	64,915	29,961	\$1,386,712	\$9,040,698	\$1,202,264	\$5,209,813	\$2,404,529				
Female	45-64 years	90,726	263,397	171,696	\$3,299,605	\$13,866,144	\$2,284,222	\$6,660,643	\$4,341,753				
Female	45-64 years	72,167	91,927	84,195	\$3,665,699	\$7,000,835	\$2,901,657	\$3,696,158	\$3,385,266				
Female	65+ years	60,987	7,715	101,033	\$2,056,094	\$383,052	\$1,426,319	\$180,438	\$2,362,878				
Female	65+ years	1,669	205	3,193	\$76,850	\$14,165	\$59,638	\$7,324	\$114,044				
Male	0-17 years	2,365	11,036	3,547	\$20,926	\$851,194	\$96,545	\$450,542	\$144,817				
Male	0-17 years	3,440	14,907	6,880	\$372,124	\$2,489,733	\$336,657	\$1,458,845	\$673,313				
Male	18-24 years	409	1,911	614	\$18,802	\$131,672	\$14,580	\$68,040	\$21,870				
Male	18-24 years	583	2,527	1,166	\$46,255	\$307,142	\$40,242	\$174,381	\$80,483				
Male	25-44 years	2,460	11,480	3,690	\$40,103	\$990,698	\$14,741	\$535,460	\$172,112				
Male	25-44 years	1,929	8,360	3,858	\$137,428	\$909,612	\$117,539	\$509,334	\$235,077				
Male	45-64 years	72,232	209,704	136,696	\$3,131,347	\$13,602,130	\$2,386,640	\$6,928,956	\$4,516,653				
Male	45-64 years	60,875	77,543	71,021	\$3,310,029	\$6,376,704	\$2,682,407	\$3,416,876	\$3,129,475				
Male	65+ years	64,221	8,124	106,391	\$2,518,738	\$474,072	\$1,856,616	\$234,873	\$3,075,720				
Male	65+ years	2,145	263	4,102	\$112,734	\$20,908	\$90,616	\$11,128	\$173,284				
Total (all population groups)													
All		471,067	865,287	760,094	\$21,442,125	\$64,531,839	\$16,585,427	\$33,924,687	\$26,458,792				
Under 65		342,044	848,978	545,375	\$16,678,709	\$63,639,643	\$13,152,238	\$33,490,923	\$20,732,868				
65 and Over		129,023	16,308	214,718	\$4,763,416	\$892,197	\$3,433,189	\$433,763	\$5,725,925				
Average (weighted by population)													
All		-----	-----	-----	-----	-----	-----	-----	-----				
Under 65	65 and Over	-----	-----	-----	-----	-----	-----	-----	-----				

Population Group		Net Savings					Notes	
Gender	Age	T Per Script (see note 5)	U Expected Total (O · P · Q · R · S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)			
	(Data sources listed under each heading)							
Female	0-17 years	outside	\$15.39	\$213,509	\$103,626	\$323,391	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	inside	\$14.32	\$240,279	(\$41,375)	\$521,932		
Female	18-24 years	outside	\$14.45	\$166,755	\$87,650	\$245,860		
Female	18-24 years	inside	\$14.53	\$232,349	(\$45,476)	\$510,173		
Female	25-34 years	outside	\$16.65	\$1,415,728	\$620,385	\$2,211,071		
Female	25-34 years	inside	\$14.39	\$1,580,804	(\$284,512)	\$3,446,120		
Female	45-64 years	outside	\$7.23	\$3,799,131	\$2,818,551	\$4,779,710	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).	
Female	45-64 years	inside	\$2.67	\$663,453	(\$219,977)	\$1,546,883		
Female	65+ years	outside	(\$9.02)	(\$1,531,488)	(\$68,030)	(\$1,214,945)		
Female	65+ years	inside	(\$17.76)	(\$89,991)	(\$111,127)	(\$68,855)		
Male	0-17 years	outside	\$16.53	\$280,216	\$123,942	\$436,491	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee. Price reflects 60-day supply (two 30-day issues).	
Male	0-17 years	inside	\$15.58	\$93,043	(\$120,650)	\$906,736		
Male	18-24 years	outside	\$15.67	\$45,984	\$21,809	\$70,158		
Male	18-24 years	inside	\$13.63	\$58,292	(\$5,079)	\$121,663		
Male	25-34 years	outside	\$17.50	\$308,488	\$126,601	\$490,375	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.	
Male	25-34 years	inside	\$13.08	\$85,090	(\$2,585)	\$372,765		
Male	45-64 years	outside	\$6.93	\$2,901,229	\$1,939,320	\$3,863,138		
Male	45-64 years	inside	\$2.19	\$457,974	(\$346,696)	\$1,262,645		
Male	65+ years	outside	(\$12.17)	(\$2,174,399)	(\$2,566,158)	(\$1,782,640)		
Male	65+ years	inside	(\$21.71)	(\$141,387)	(\$172,584)	(\$110,190)		
Total (all population groups)							(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.	
All		-----	\$9,005,058	\$77,637	\$17,932,480			
Under 65		-----	\$12,942,322	\$4,775,535	\$21,109,110			
65 and Over		-----	(\$3,937,264)	(\$4,697,898)	(\$3,176,630)			
Average (weighted by population)								
All		\$4.30	-----	-----	-----			
Under 65		\$7.45	-----	-----	-----			
65 and Over		(\$10.94)	-----	-----	-----			

Mail Order Pharmacy Analysis

Case 9: MTFs issue 90 days of supply instead of 30 days

1 of 3

Population Group				Beneficiary Population				Mail Service Usage and Cost				Alternate Channel Costs				Net Prescription Costs				Channel Switching Behavior			
Gender	Age	(Data sources listed under each heading)		A	B	C	D	E	Total Cost	F	G	H	I	J	K	L	M	N	O	P	Q	R	
				Potential Users (see note 1)	Per Capita Utilization (Demo)	60-day Scripts (A x B)	Average Cost/Script (Demo)	(C x D)	(C x D)	Cost/Script (see note 2)	MTF Cost/Script (see note 3)	CHAMPUUS Cost/Script (see note 3)	Pct From MTF (User Survey)	Pct From CHAMPUUS (User Survey)	Pct From Ghost (User Survey)	90 Pct CI (+/-)	90 Pct CI (-/-)	90 Pct CI (+/-)	90 Pct CI (-/-)	90 Pct CI (+/-)	90 Pct CI (-/-)	90 Pct CI (+/-)	90 Pct CI (-/-)
Female	0-17 years	outside	181,346	0.0612	11,098	\$33.92	\$376,498	\$40.23	\$66.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	0-17 years	inside	669,545	0.0200	13,421	\$79.26	\$1,063,787	\$85.57	\$137.71	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Female	18-24 years	outside	75,239	0.1227	9,229	\$28.28	\$260,984	\$34.59	\$57.36	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	18-24 years	inside	266,484	0.0480	12,795	\$82.29	\$1,052,923	\$88.60	\$142.48	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Female	25-44 years	outside	162,725	0.4180	68,015	\$41.54	\$2,825,119	\$47.85	\$78.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Female	25-44 years	inside	617,634	0.1423	87,885	\$80.26	\$7,053,285	\$86.57	\$139.27	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Female	45-64 years	outside	323,809	1.2991	420,656	\$25.29	\$10,637,294	\$31.60	\$52.64	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Female	45-64 years	inside	498,297	0.3986	198,631	\$40.21	\$7,986,465	\$46.52	\$76.16	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
Female	65+ years	outside	147,540	0.9203	135,798	\$23.39	\$3,175,707	\$29.70	\$49.65	35.9%	4.5%	59.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
Female	65+ years	inside	199,770	0.0203	4,054	\$35.72	\$144,805	\$42.03	\$69.09	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Male	0-17 years	outside	187,122	0.0725	13,558	\$40.83	\$553,523	\$47.14	\$77.13	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	0-17 years	inside	693,898	0.0291	20,182	\$97.86	\$1,975,052	\$104.17	\$167.01	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Male	18-24 years	outside	48,181	0.0487	2,348	\$35.60	\$83,592	\$41.91	\$68.90	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	18-24 years	inside	117,954	0.0290	3,422	\$69.00	\$236,084	\$75.31	\$121.52	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Male	25-44 years	outside	73,888	0.1909	14,104	\$46.64	\$657,851	\$52.95	\$86.30	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Male	25-44 years	inside	142,327	0.0795	11,318	\$60.93	\$689,560	\$67.24	\$108.81	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	
Male	45-64 years	outside	396,374	0.8449	334,906	\$33.04	\$11,065,799	\$39.35	\$64.86	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Male	45-64 years	inside	540,933	0.3097	167,551	\$44.06	\$7,383,006	\$50.37	\$82.23	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	
Male	65+ years	inside	303,964	0.4704	142,989	\$28.91	\$4,133,767	\$35.22	\$58.35	35.9%	4.5%	59.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Male	65+ years	outside	316,439	0.0165	5,209	\$42.24	\$220,023	\$48.55	\$79.36	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Total (all population groups)												All	5,963,469	-----	1,677,157	-----	\$61,575,125	-----	-----	-----	-----	-----	-----
												Under 65	4,995,756	-----	1,389,118	-----	\$53,900,824	-----	-----	-----	-----	-----	-----
												65 and Over	967,713	-----	288,039	-----	\$7,674,302	-----	-----	-----	-----	-----	-----
Average (weighted by population)												All	-----	-----	0.2812	-----	\$36.71	-----	\$41.52	\$74.58	22.5%	41.3%	36.3%
												Under 65	-----	-----	0.2781	-----	\$38.80	-----	\$44.76	\$74.96	19.7%	48.9%	31.4%
												65 and Over	-----	-----	0.2976	-----	\$26.64	-----	\$32.92	\$54.71	35.8%	4.5%	59.6%

Population Group			Prescriptions Switched			Savings by Channel			Mail Costs by Source of New User		
Gender	Age	(Data sources listed under each heading)	L	M	N	O	P	Q	R	S	
			Rxs From MTF (C x H)	Rxs From CHAMPUS (C x I)	Rxs From Ghost (C x J)	From MTFs (F x L)	From CHAMPUS (G x M)	From MTFs (D x I)	From CHAMPUS (D x M)	From Ghost (D x N)	
Female	0-17 years	outside	1,549	7,227	2,323	\$62,306	\$478,804	\$52,535	\$245,161	\$78,802	
Female	0-17 years	inside	1,830	7,930	3,660	\$156,610	\$1,092,079	\$45,062	\$628,601	\$290,124	
Female	18-24 years	outside	1,288	6,010	1,932	\$44,542	\$344,695	\$36,416	\$169,943	\$54,625	
Female	18-24 years	inside	1,745	7,561	3,490	\$154,590	\$1,077,233	\$43,580	\$622,182	\$287,161	
Female	25-44 years	outside	9,490	44,289	14,236	\$454,088	\$3,465,652	\$394,203	\$1,839,613	\$591,304	
Female	25-44 years	inside	11,984	51,932	23,969	\$1,037,432	\$7,232,558	\$961,812	\$4,167,850	\$1,923,623	
Female	45-64 years	outside	72,581	210,718	137,357	\$2,293,361	\$11,092,915	\$1,835,377	\$5,328,515	\$3,473,402	
Female	45-64 years	inside	57,734	73,542	67,356	\$2,685,625	\$5,600,668	\$2,321,325	\$2,956,926	\$2,708,213	
Female	65+ years	outside	48,790	6,172	80,826	\$1,448,917	\$306,442	\$1,141,055	\$144,350	\$1,890,302	
Female	65+ years	inside	1,336	164	2,554	\$56,138	\$11,332	\$47,710	\$5,859	\$91,235	
Male	0-17 years	outside	1,892	8,829	2,838	\$89,173	\$680,955	\$77,296	\$360,434	\$115,854	
Male	0-17 years	inside	2,752	11,926	5,504	\$286,691	\$1,991,787	\$269,325	\$1,167,076	\$538,651	
Male	18-24 years	outside	328	1,529	491	\$13,731	\$105,337	\$11,664	\$54,432	\$17,496	
Male	18-24 years	inside	467	2,022	933	\$35,138	\$245,714	\$32,193	\$139,504	\$64,387	
Male	25-44 years	outside	1,968	9,184	2,952	\$104,211	\$792,559	\$91,793	\$428,368	\$137,690	
Male	25-44 years	inside	1,543	6,688	3,087	\$103,769	\$727,690	\$94,031	\$407,468	\$188,062	
Male	45-64 years	outside	57,785	167,764	109,357	\$2,273,937	\$10,881,704	\$1,909,312	\$5,543,165	\$3,613,322	
Male	45-64 years	inside	48,700	62,035	56,817	\$2,453,223	\$5,101,363	\$2,145,926	\$2,733,501	\$2,503,580	
Male	65+ years	outside	51,377	6,500	85,113	\$1,809,482	\$379,258	\$1,485,293	\$187,899	\$2,460,576	
Male	65+ years	inside	1,716	211	3,282	\$83,322	\$16,726	\$72,493	\$8,903	\$138,627	
Total (all population groups)											
All			376,853	692,229	608,075	\$15,646,287	\$51,625,472	\$13,268,342	\$27,139,749	\$21,167,034	
Under 65			273,635	679,183	436,300	\$12,248,427	\$50,911,714	\$10,521,791	\$26,792,739	\$16,586,294	
65 and Over			103,218	13,046	171,775	\$3,357,859	\$713,758	\$2,746,551	\$347,011	\$4,580,740	
Average (weighted by population)											
All											
Under 65											
65 and Over											

Mail Order Pharmacy Analysis

Case 9: MTFs issue 90 days of supply instead of 30 days

3 of 3

Population Group			Net Savings				Notes	
Gender	Age (Data sources listed under each heading)	Catch- ment	T Per Script (see note 5)	U Expected Total (O+P+Q+R+S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	outside	\$14.83	\$164,612	\$76,707	\$252,518	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	inside	\$13.78	\$84,902	(\$40,420)	\$410,225		
Female	18-24 years	outside	\$13.90	\$128,253	\$64,959	\$191,537		
Female	18-24 years	inside	\$13.98	\$178,900	(\$43,360)	\$401,159		
Female	25-44 years	outside	\$16.09	\$1,094,621	\$458,346	\$1,730,895		
Female	25-44 years	inside	\$13.84	\$1,216,706	(\$275,547)	\$2,708,959		
Female	45-64 years	outside	\$6.53	\$2,748,982	\$1,964,518	\$3,533,446	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).	
Female	45-64 years	inside	\$1.51	\$299,828	(\$406,916)	\$1,006,571		
Female	65+ years	outside	(\$10.46)	(\$1,420,348)	(\$1,673,582)	(\$1,167,114)		
Female	65+ years	inside	(\$19.08)	(\$77,335)	(\$94,244)	(\$60,426)	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee.	
Male	0-17 years	outside	\$15.98	\$216,606	\$91,586	\$341,625		
Male	0-17 years	inside	\$15.03	\$303,426	(\$107,528)	\$714,380		
Male	18-24 years	outside	\$15.11	\$35,477	\$16,137	\$54,816		
Male	18-24 years	inside	\$13.08	\$44,767	(\$5,930)	\$95,464		
Male	25-44 years	outside	\$16.94	\$238,919	\$93,409	\$384,428	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.	
Male	25-44 years	inside	\$12.54	\$141,899	(\$8,241)	\$292,039		
Male	45-64 years	outside	\$6.24	\$2,089,842	\$1,320,315	\$2,859,370		
Male	45-64 years	inside	\$1.02	\$171,579	(\$472,157)	\$815,316		
Male	65+ years	outside	(\$13.60)	(\$1,945,027)	(\$2,258,434)	(\$1,631,620)		
Male	65+ years	inside	(\$23,03)	(\$119,974)	(\$144,932)	(\$95,017)		
Total (all population groups)							(5) Column T is weighted average savings per mail order prescription.	
All			-----	\$5,696,633	(\$1,445,304)	\$12,838,570		
Under 65			-----	\$9,259,318	\$2,725,888	\$15,792,748		
65 and Over			-----	(\$3,562,685)	(\$4,171,192)	(\$2,954,178)		
Average (weighted by population)								
All			\$3.40	-----	-----	-----		
Under 65			\$6.67	-----	-----	-----		
65 and Over			(\$12.37)	-----	-----	-----		

Population Group	Beneficiary Population			Mail Service Usage and Cost			Alternate Channel			Net Prescription Costs			Channel Switching Behavior		
	Gender	Age	(Data sources listed under each heading)	A Potential Users (see note 1)	B Per Capita Utilization (Demo)	C 60-day Scripts (A x B)	D Average Cost/Script (Demo)	E Total Cost (C x D)	F MTF Cost/Script (see note 2)	G CHAMPUS Cost/Script (see note 3)	H Pct From MTF (User Survey)	I Pct From CHAMPUS (User Survey)	J Pct From Ghost (User Survey)	K 90 Pct CI (+/-) (see note 4)	
Female	0-17 years	outside	181,346	0.0612	11,098	\$33.92	\$376,498	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%		
Female	0-17 years	inside	669,545	0.0200	13,421	\$79.26	\$1,063,787	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%		
Female	18-24 years	outside	75,239	0.1227	9,229	\$28.28	\$260,984	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%		
Female	18-24 years	inside	266,484	0.0480	12,795	\$82.29	\$1,052,923	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%		
Female	25-44 years	outside	162,725	0.4180	68,015	\$41.54	\$2,825,119	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%		
Female	25-44 years	inside	617,634	0.1423	87,885	\$80.26	\$7,053,285	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%		
Female	45-64 years	outside	323,809	1.2991	420,656	\$25.29	\$10,631,294	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%		
Female	45-64 years	inside	498,297	0.3986	198,631	\$40.21	\$7,986,465	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%		
Female	65+ years	outside	147,540	2.7610	407,363	\$23.39	\$9,527,122	\$33.70	\$49.65	35.9%	4.5%	59.5%	3.8%		
Female	65+ years	inside	199,770	0.0203	4,054	\$35.72	\$144,805	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%		
Male	0-17 years	outside	187,122	0.0725	13,558	\$40.83	\$553,523	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%		
Male	0-17 years	inside	693,898	0.0291	20,182	\$97.86	\$1,975,052	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%		
Male	18-24 years	outside	48,181	0.0487	2,348	\$35.60	\$83,592	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%		
Male	18-24 years	inside	117,954	0.0290	3,422	\$69.00	\$236,084	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%		
Male	25-44 years	outside	73,888	0.1909	14,104	\$46.64	\$657,851	\$56.95	\$86.30	14.0%	65.1%	20.9%	12.0%		
Male	25-44 years	inside	142,327	0.0795	11,318	\$60.43	\$689,560	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%		
Male	45-64 years	outside	396,374	0.8449	334,906	\$33.04	\$11,065,799	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%		
Male	45-64 years	inside	540,933	0.3097	167,551	\$44.06	\$7,385,006	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%		
Male	65+ years	outside	303,964	1.4112	428,967	\$28.91	\$12,401,301	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%		
Male	65+ years	inside	316,439	0.0165	5,209	\$42.24	\$220,023	\$52.55	\$79.36	32.9%	4.0%	63.0%	6.0%		
Total (all population groups)															
All			5,963,469	-----	2,234,711	-----	\$76,194,074	-----	-----	-----	-----	-----	-----	-----	
Under 65			4,995,756	-----	1,389,118	-----	\$53,900,824	-----	-----	-----	-----	-----	-----	-----	
65 and Over			967,713	-----	845,593	-----	\$22,293,251	-----	-----	-----	-----	-----	-----	-----	
Average (weighted by population)															
All				-----	0.3747	-----	\$34.10	-----	\$42.40	\$73.86	25.8%	32.1%	42.1%	8.6%	
Under 65				-----	0.2781	-----	\$38.80	-----	\$48.76	\$74.96	19.7%	48.9%	31.4%	9.3%	
65 and Over				-----	0.8738	-----	\$26.36	-----	\$36.66	\$54.32	35.9%	4.5%	59.6%	5.0%	

Mail Order Pharmacy Analysis

Case 10: Triple per capita utilization for over 65 outside catchment areas

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Population Group			Prescriptions			Source of Prescriptions Switched			Savings by Channel			Mail Costs by Source of New User		
Gender	Age	(Data sources listed under each heading)	L	M	N	O	P	Q	R	S	From CHAMPUS	From CHAMPUS	From Ghost	
			Rxs From MTF (C x H)	Rxs From CHAMPUS (C x I)	Rxs From Ghost (C x J)	From MTFs (F x L)	From CHAMPUS (G x M)	From MTFs (D x L)	From CHAMPUS (D x M)	From Ghost (D x N)				
Female	0-17 years	outside	1,549	7,227	2,323	\$68,501	\$478,804	\$52,535	\$245,161	\$78,802				
Female	0-17 years	inside	1,830	7,930	3,660	\$103,960	\$1,092,079	\$45,062	\$628,601	\$290,124				
Female	18-24 years	outside	1,288	6,010	1,932	\$49,693	\$344,695	\$36,416	\$169,943	\$54,625				
Female	18-24 years	inside	1,745	7,561	3,490	\$161,569	\$1,077,233	\$43,465	\$622,182	\$287,161				
Female	25-44 years	outside	9,490	44,289	14,236	\$42,050	\$3,465,652	\$394,203	\$1,839,613	\$591,304				
Female	25-44 years	inside	11,984	51,932	23,969	\$1,005,389	\$7,232,558	\$961,812	\$4,167,850	\$1,923,623				
Female	45-64 years	outside	72,581	210,718	137,357	\$2,583,684	\$11,092,915	\$1,885,377	\$5,328,515	\$3,473,402				
Female	45-64 years	inside	57,734	73,542	67,356	\$2,916,559	\$5,600,668	\$2,321,325	\$2,956,926	\$2,708,213				
Female	65+ years	outside	146,369	18,517	242,478	\$4,932,226	\$919,325	\$3,423,165	\$433,051	\$5,670,906				
Female	65+ years	inside	1,336	164	2,554	\$61,480	\$11,332	\$47,710	\$5,859	\$91,235				
Male	0-17 years	outside	1,892	8,829	2,838	\$96,741	\$680,955	\$77,236	\$360,434	\$115,854				
Male	0-17 years	inside	2,752	11,926	5,504	\$297,700	\$1,991,787	\$269,325	\$1,167,076	\$538,651				
Male	18-24 years	outside	328	1,529	491	\$15,042	\$105,337	\$11,864	\$54,432	\$17,496				
Male	18-24 years	inside	467	2,022	933	\$37,004	\$245,714	\$32,193	\$139,504	\$64,387				
Male	25-44 years	outside	1,968	9,184	2,952	\$112,083	\$792,559	\$91,793	\$428,368	\$137,690				
Male	25-44 years	inside	1,543	6,688	3,087	\$109,942	\$727,690	\$94,031	\$407,468	\$188,062				
Male	45-64 years	outside	57,785	167,764	109,357	\$2,505,078	\$10,881,704	\$1,909,312	\$5,543,165	\$3,613,322				
Male	45-64 years	inside	48,700	62,035	56,817	\$2,648,023	\$5,101,363	\$2,145,926	\$2,733,501	\$2,503,580				
Male	65+ years	outside	154,131	19,499	255,338	\$6,044,970	\$1,137,774	\$4,455,879	\$563,696	\$7,381,727				
Male	65+ years	inside	1,716	211	3,282	\$90,187	\$16,726	\$72,493	\$8,903	\$138,627				
Total (all population groups)														
All			577,187	717,573	939,952	\$24,471,831	\$52,996,871	\$18,521,038	\$27,804,247	\$29,868,789				
Under 65			273,635	679,183	436,300	\$13,342,967	\$50,911,714	\$10,521,791	\$26,792,739	\$16,586,294				
65 and Over			303,552	38,390	503,652	\$11,128,864	\$2,085,157	\$7,999,247	\$1,011,508	\$13,282,495				
Average (weighted by population)														
All			-----	-----	-----	-----	-----	-----	-----	-----				
Under 65			-----	-----	-----	-----	-----	-----	-----	-----				
65 and Over			-----	-----	-----	-----	-----	-----	-----	-----				

Mail Order Pharmacy Analysis

Case 10: Triple per capita utilization for over 65 outside catchment areas

3 of 3

Population Group			Net Savings				Notes	
Gender	Age	Catchment (Data sources listed under each heading)	T Per Script (see note 5)	U Expected Total (O+ P+ Q+ R+ S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	outside	\$15.39	\$170,807	\$82,901	\$258,713	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	Inside	\$14.32	\$192,223	(\$33,100)	\$417,545		
Female	18-24 years	outside	\$14.45	\$133,404	\$70,120	\$196,688		
Female	18-24 years	inside	\$14.53	\$185,879	(\$36,380)	\$408,138		
Female	25-44 years	outside	\$16.65	\$1,132,582	\$496,308	\$1,768,857		
Female	25-44 years	inside	\$14.39	\$1,264,643	(\$227,610)	\$2,756,896		
Female	45-64 years	outside	\$7.23	\$9,039,305	(\$2,554,841)	\$3,823,768	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).	
Female	45-64 years	inside	\$2.67	\$530,762	(\$75,981)	\$1,237,506		
Female	65+ years	outside	(\$9.02)	(\$3,675,571)	(\$4,435,273)	(\$2,915,868)		
Female	65+ years	inside	(\$17.76)	(\$71,993)	(\$88,901)	(\$5,084)	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee.	
Male	0-17 years	outside	\$16.53	\$224,173	\$99,153	\$349,193		
Male	0-17 years	inside	\$15.58	\$314,434	(\$96,520)	\$725,389		
Male	18-24 years	inside	\$15.67	\$36,787	\$17,448	\$86,126	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.	
Male	18-24 years	inside	\$13.63	\$46,633	(\$4,063)	\$97,330		
Male	25-44 years	outside	\$17.50	\$246,790	\$101,281	\$382,300		
Male	25-44 years	inside	\$13.08	\$148,072	(\$2,068)	\$298,212		
Male	45-64 years	outside	\$6.93	\$2,320,983	\$1,551,456	\$3,000,510		
Male	45-64 years	inside	\$2.19	\$366,380	(\$277,357)	\$1,010,116		
Male	65+ years	outside	(\$12.17)	(\$5,218,557)	(\$6,158,778)	(\$4,278,336)		
Male	65+ years	inside	(\$21.71)	(\$113,109)	(\$138,067)	(\$98,152)		
Total (all population groups)							(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.	
All			-----	\$1,271,628	(\$7,000,591)	\$9,549,847		
Under 65			-----	\$10,353,858	\$3,820,428	\$16,887,288		
65 and Over			-----	(\$9,079,230)	(\$10,821,019)	(\$7,337,441)		
Average (weighted by population)								
All			\$0.57	-----	-----	-----		
Under 65			\$7.45	-----	-----	-----		
65 and Over			(\$10.74)	-----	-----	-----		

Population Group		Beneficiary Population		Mail Service Usage and Cost			Net Prescription Costs			Alternate Channel			Channel Switching Behavior		
Gender	Age	A Potential Users (see note 1)	B Per Capita Utilization (Demo)	C 60-day Scripts (A x B)	D Average Cost/Script (Demo)	E Total Cost (C x D)	F MTF Cost/Script (see note 2)	G CHAMPUIS Cost/Script (see note 3)	H Pct From MTF	I Pct From CHAMPUIS	J Pct From Ghost	K 90 Pct CI (+/-)	(User Survey)	(User Survey)	(User Survey)
Female	0-17 years	outside	0	0.0612	0	\$33.92	\$0	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%		
Female	0-17 years	inside	0	0.0200	0	\$79.26	\$0	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%		
Female	18-24 years	outside	0	0.1227	0	\$28.28	\$0	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%		
Female	18-24 years	inside	0	0.0480	0	\$82.29	\$0	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%		
Female	25-44 years	outside	0	0.4180	0	\$41.54	\$0	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%		
Female	25-44 years	inside	0	0.1423	0	\$80.26	\$0	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%		
Female	45-64 years	outside	0	1.2991	0	\$25.29	\$0	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%		
Female	45-64 years	inside	0	0.3986	0	\$40.21	\$0	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%		
Female	65+ years	outside	147,540	7,7300	1,140,484	\$23.39	\$26,672,821	\$33.70	\$49.65	35.9%	4.5%	59.5%	3.8%		
Female	65+ years	inside	0	0.0203	0	\$35.72	\$0	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%		
Male	0-17 years	outside	0	0.0725	0	\$40.83	\$0	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%		
Male	0-17 years	inside	0	0.0291	0	\$97.86	\$0	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%		
Male	18-24 years	outside	0	0.0487	0	\$35.60	\$0	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%		
Male	18-24 years	inside	0	0.0290	0	\$69.00	\$0	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%		
Male	25-44 years	outside	0	0.1909	0	\$46.64	\$0	\$56.95	\$86.30	14.0%	65.1%	20.9%	12.0%		
Male	25-44 years	inside	0	0.0795	0	\$60.93	\$0	\$71.24	\$108.81	13.6%	59.1%	27.3%	12.2%		
Male	45-64 years	outside	0	0.8449	0	\$33.04	\$0	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%		
Male	45-64 years	inside	0	0.3097	0	\$44.06	\$0	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%		
Male	65+ years	outside	303,964	4,1600	1,264,490	\$28.91	\$36,555,994	\$39.22	\$58.35	35.9%	4.5%	59.5%	3.8%		
Male	65+ years	inside	0	0.0165	0	\$42.24	\$0	\$52.55	\$79.36	32.9%	4.0%	63.0%	6.0%		
Total (all population groups)		All	451,504	-----	2,404,974	-----	\$63,228,815	-----	-----	-----	-----	-----	-----	-----	-----
Under 65 65 and Over		0	451,504	-----	2,404,974	-----	\$63,228,815	-----	-----	-----	-----	-----	-----	-----	-----
Average (weighted by population)		All	-----	5,3266	-----	\$26.29	-----	\$36.60	\$54.22	35.9%	4.5%	59.5%	3.8%		
Under 65 65 and Over		-----	-----	NA	-----	NA	-----	NA	NA	NA	NA	NA	NA	NA	NA

Mail Order Pharmacy Analysis

Case 11: Over 65 outside catchment areas at Orlando usage rates

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Population Group			Prescription			Source of Prescriptions Switched			Savings by Channel			Mail Costs by Source of New User			
Gender	Age	(Data sources listed under each heading)	L	M	N	O	P	R	Q	From MTFs (D x L)	From CHAMPUS (G x M)	From MTFs (D x M)	From CHAMPUS (D x N)	From Ghost (D x N)	
Female	0-17 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	0-17 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	18-24 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	18-24 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	25-44 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	25-44 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	45-64 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	45-64 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	65+ years	outside	409,784	51,840	678,860	\$13,808,618	\$2,573,810	\$9,583,741	\$1,212,401	\$15,876,679					
Female	65+ years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	0-17 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	0-17 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	18-24 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	18-24 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	25-44 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	25-44 years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	45-64 years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	45-64 years	inside	454,341	57,477	752,673	\$17,819,090	\$3,353,878	\$13,134,838	\$1,661,636	\$21,759,520					
Male	65+ years	outside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	65+ years	inside	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total (all population groups)															
All			864,125	109,317	1,431,532	\$31,627,707	\$5,927,687	\$22,718,579	\$2,874,037	\$37,636,199					
Under 65			0	0	0	(\$0)	(\$0)								
65 and Over			864,125	109,317	1,431,532	\$31,627,707	\$5,927,687	\$22,718,579	\$2,874,037	\$37,636,199					
Average (weighted by population)															
All			-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
Under 65			-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
65 and Over			-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	

Population Group	Gender	Age (Data sources listed under each heading)	Catch- ment ment	Net Savings				Notes
				T Per Script (see note 5)	U Expected Total (O, P, Q, R, S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)	
Female	0-17 years	outside	\$15.39	\$0	\$0	\$0	\$0	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.
Female	0-17 years	inside	\$14.32	\$0	\$0	\$0	\$0	
Female	18-24 years	outside	\$14.45	\$0	\$0	\$0	\$0	
Female	18-24 years	inside	\$14.53	\$0	\$0	\$0	\$0	
Female	25-44 years	outside	\$16.65	\$0	\$0	\$0	\$0	
Female	25-44 years	inside	\$14.39	\$0	\$0	\$0	\$0	
Female	45-64 years	outside	\$7.23	\$0	\$0	\$0	\$0	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).
Female	45-64 years	inside	\$2.67	\$0	\$0	\$0	\$0	
Female	65+ years	outside	(\$9.02)	(\$10,290,394)	(\$12,417,311)	(\$8,163,477)	\$0	
Female	65+ years	inside	(\$17.76)	\$0	\$0	\$0	\$0	
Male	0-17 years	outside	\$16.53	\$0	\$0	\$0	\$0	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee. Price reflects 60-day supply (two 30-day issues).
Male	0-17 years	inside	\$15.58	\$0	\$0	\$0	\$0	
Male	18-24 years	outside	\$15.67	\$0	\$0	\$0	\$0	
Male	18-24 years	inside	\$13.63	\$0	\$0	\$0	\$0	
Male	25-44 years	outside	\$17.50	\$0	\$0	\$0	\$0	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.
Male	25-44 years	inside	\$13.08	\$0	\$0	\$0	\$0	
Male	45-64 years	outside	\$6.93	\$0	\$0	\$0	\$0	
Male	45-64 years	inside	\$2.19	\$0	\$0	\$0	\$0	
Male	65+ years	outside	(\$12.17)	(\$15,383,027)	(\$18,154,567)	(\$12,611,486)	\$0	
Male	65+ years	inside	(\$21.71)	\$0	\$0	\$0	\$0	
Total (all population groups)								(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.
All				-----	(\$25,673,420)	(\$30,571,878)	(\$20,774,962)	
Under 65				-----	(\$25,673,420)	(\$30,571,878)	(\$20,774,962)	
Average (weighted by population)								
All				(\$10.68)	-----	-----	-----	
Under 65				NA	-----	-----	-----	
65 and Over				(\$10.68)	-----	-----	-----	

Population Group		Beneficiary Population		Mail Service Usage and Cost				Net Prescription Costs				Alternate Channel				Channel Switching Behavior							
Gender	Age	A	Potential Users (see note 1)	B	Per Capita Utilization (Demo)	C	60-day Scripts (A x B)	D	Average Cost/Script (Demo)	E	Total Cost (C x D)	F	MTF Cost/Script (see note 2)	G	CHAMPUS Cost/Script (see note 3)	H	Pct From MTF (User Survey)	I	Pct From CHAMPUS (User Survey)	J	Pct From Ghost (User Survey)	K	90 Pct CI (+/-) (see note 4)
Female	0-17 years	outside	0	0.0612	0	\$33.92	\$0	\$0	\$44.23	\$66.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%		
Female	0-17 years	inside	0	0.0200	0	\$79.26	\$0	\$0	\$89.57	\$137.71	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%		
Female	18-24 years	outside	0	0.1227	0	\$28.28	\$0	\$0	\$38.59	\$57.36	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%		
Female	18-24 years	inside	0	0.0480	0	\$82.29	\$0	\$0	\$92.60	\$142.48	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%		
Female	25-44 years	outside	0	0.4180	0	\$41.54	\$0	\$0	\$51.85	\$78.25	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%		
Female	25-44 years	inside	0	0.1423	0	\$80.26	\$0	\$0	\$90.57	\$139.27	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%		
Female	45-64 years	outside	0	1.2991	0	\$25.29	\$0	\$0	\$35.60	\$52.64	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%		
Female	45-64 years	inside	0	0.3986	0	\$40.21	\$0	\$0	\$50.52	\$76.16	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%		
Female	65+ years	outside	147,540	1,960,807	\$23.39	\$45,857,930	\$0	\$0	\$33.70	\$49.65	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Female	65+ years	inside	0	0.0203	0	\$35.72	\$0	\$0	\$46.03	\$69.09	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%		
Male	0-17 years	outside	0	0.0725	0	\$40.88	\$0	\$0	\$51.14	\$77.13	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%		
Male	0-17 years	inside	0	0.0291	0	\$97.86	\$0	\$0	\$108.17	\$167.01	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%		
Male	18-24 years	outside	0	0.0487	0	\$35.60	\$0	\$0	\$45.91	\$68.90	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%		
Male	18-24 years	inside	0	0.0290	0	\$69.00	\$0	\$0	\$79.31	\$121.52	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%		
Male	25-44 years	outside	0	0.1909	0	\$46.64	\$0	\$0	\$56.95	\$86.30	14.0%	65.1%	20.9%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%		
Male	25-44 years	inside	0	0.0795	0	\$60.93	\$0	\$0	\$108.81	\$171.24	13.6%	59.1%	27.3%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%	12.2%		
Male	45-64 years	outside	0	0.8449	0	\$33.04	\$0	\$0	\$43.35	\$64.86	17.3%	50.1%	32.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%		
Male	45-64 years	inside	0	0.3097	0	\$44.06	\$0	\$0	\$54.37	\$82.23	29.1%	37.0%	33.9%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%		
Male	65+ years	outside	303,964	11,0800	3,367,921	\$28.91	\$97,365,483	\$0	\$0	\$39.22	\$58.35	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Male	65+ years	inside	0	0.0165	0	\$42.24	\$0	\$0	\$52.55	\$79.36	32.9%	4.0%	63.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%		
Total (all population groups)				All	451,504	-----	5,328,728	-----	\$143,223,413	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----			
Average (weighted by population)				Under 65	0	-----	5,328,728	(0)	-----	\$143,223,413	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----		
				Under 65	451,504	-----	5,328,728	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----		

Mail Order Pharmacy Analysis

Case 12: Over 65 outside catchment areas at 100 percent usage rates

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Population Group (Data sources listed under each heading)	Prescriptions Switched						Savings by Channel						Mail Costs by Source of New User						Mail Costs by Source of New User						
	L			M			N			O			P			Q			R			S			
	Rxs From MTF (C x H)	Rxs From CHAMPUS (C x I)	Rxs From CHAMPUS (C x J)	Rxs From CHAMPUS (C x I)	Rxs From CHAMPUS (C x J)	Rxs From CHAMPUS (C x L)	Rxs From MTFs (F x L)	Rxs From CHAMPUS (G x M)	Rxs From CHAMPUS (G x M)	Rxs From MTFs (D x L)	Rxs From CHAMPUS (D x M)	Rxs From CHAMPUS (D x L)	Rxs From CHAMPUS (D x M)	Rxs From CHAMPUS (D x L)	Rxs From CHAMPUS (D x M)	Rxs From CHAMPUS (D x L)	Rxs From CHAMPUS (D x M)	Rxs From CHAMPUS (D x L)	Rxs From CHAMPUS (D x M)	Rxs From CHAMPUS (D x L)	Rxs From CHAMPUS (D x M)	Rxs From CHAMPUS (D x L)	Rxs From CHAMPUS (D x M)		
Female	0-17 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	0-17 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	18-24 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	18-24 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	25-44 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	25-44 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	45-64 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	45-64 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	65+ years	inside	outside	0	0	0	0	0	0	\$1,960,807	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Female	65+ years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	0-17 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	0-17 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	18-24 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	18-24 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	25-44 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	25-44 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	45-64 years	inside	outside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	45-64 years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	65+ years	inside	outside	0	0	0	0	0	0	\$3,367,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Male	65+ years	outside	inside	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total (all population groups)																									
All		0	0	5,328,728			\$0		\$0			\$0			\$0			\$0			\$0		\$143,223,413		
Under 65		0	0	0	5,328,728	(0)	\$0		\$0			\$0			\$0			\$0			\$0		\$143,223,413		
65 and Over		0	0	5,328,728			\$0		\$0			\$0			\$0			\$0			\$0		\$143,223,413		
Average (weighted by population)																									
All																									
Under 65																									
65 and Over																									

Population Group			Net Savings				Notes	
Gender	Age	Catchment (Data sources listed under each heading)	T Per Script (see note 5)	U Expected Total (O+P+Q+R+S)	V Worst Case Total (see note 4)	W Best Case Total (see note 4)		
Female	0-17 years	outside	\$15.39	\$0	\$0	\$0	(1) The source of the population data is DMIS. For potential users over 65 years of age living outside of catchment areas, only those who are adversely affected by BRAC may use the service. In all cases (except those that specifically include all medicare eligibles), this effect is captured in the per capita utilization data rather than the population data.	
Female	0-17 years	inside	\$14.32	\$0	\$0	\$0		
Female	18-24 years	outside	\$14.45	\$0	\$0	\$0		
Female	18-24 years	inside	\$14.53	\$0	\$0	\$0		
Female	25-44 years	outside	\$16.65	\$0	\$0	\$0	(2) MTF cost per script uses federal price with \$3 dispensing fee and no copay. Price reflects 60-day supply (two 30-day issues unless otherwise noted).	
Female	25-44 years	inside	\$4.39	\$0	\$0	\$0		
Female	45-64 years	outside	\$7.23	\$0	\$0	\$0		
Female	45-64 years	inside	\$2.67	\$0	\$0	\$0		
Female	45-64 years	outside	(\$23.39)	(\$45,857,930)	(\$45,857,930)	(\$45,857,930)	(3) CHAMPUS price uses retail price equal to 90 percent of Average Wholesale Price minus 25 percent copay plus \$3 processing fee. Price reflects 60-day supply (two 30-day issues).	
Female	65+ years	outside	(\$17.76)	\$0	\$0	\$0		
Female	65+ years	inside	(\$16.53)	\$0	\$0	\$0		
Male	0-17 years	outside	\$15.58	\$0	\$0	\$0		
Male	0-17 years	inside	\$15.67	\$0	\$0	\$0	(4) Column K is the statistical error associated with columns H, I, and J for a 90 percent confidence interval. The worst and best case net savings (columns V and W) reflect increasing the ghost cost and decreasing the CHAMPUS savings by the confidence interval limits.	
Male	18-24 years	outside	\$13.63	\$0	\$0	\$0		
Male	18-24 years	inside	\$17.50	\$0	\$0	\$0		
Male	25-44 years	outside	\$13.08	\$0	\$0	\$0		
Male	25-44 years	inside	\$6.93	\$0	\$0	\$0	(5) Column T is weighted average savings per mail order prescription. It can be calculated as either net savings (column U) divided by 60-day scripts (column C) or as the average of the savings by channel weighted by the switching behavior of that channel.	
Male	45-64 years	outside	\$2.19	\$0	\$0	\$0		
Male	45-64 years	inside	(\$28.91)	(\$97,365,483)	(\$97,365,483)	(\$97,365,483)		
Male	65+ years	outside	(\$21.71)	\$0	\$0	\$0		
Total (all population groups)								
All								
Under 65								
65 and Over								
Average (weighted by population)								
All								
Under 65								
65 and Over								

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13. ABSTRACT (Maximum 200 words) We evaluated in this study the cost-effectiveness of mail-service pharmacy as one method that the Department of Defense (DoD) could use to control its pharmaceutical costs. Increasingly common in the private sector, mail-service providers achieve economies-of-scale that reduce the cost of maintenance level drugs by dispensing and then mailing large numbers of prescriptions from a single location. We recommend that DoD implement mail-service pharmacy nationwide, and that it consider other measures used by the private sector to control its drug costs. To reach our recommendations, we evaluated two DoD mail-service demonstration programs in Hawaii and California, and Florida, Georgia, South Carolina, Delaware, Pennsylvania, and New Jersey and compared their cost to the estimated cost of methods that beneficiaries used prior to using mail service. We found that DoD will save approximately \$7.2 million if it expands the benefits of its demonstration programs nationwide. We also found, however, that the achievement of those savings depends upon the continued collection of a copayment for each mail-service prescription, the use of federally priced pharmaceuticals, and the restriction of the mail-service benefit to a limited number of Medicare-eligible beneficiaries whose healthcare was adversely affected by base realignment and				
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